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NANCIALTIMES

Why the U.S. steel barons are anxious, Page 12

EUROPE'S BUSINESS NEWSPAPER

Tuesday October 25 1983

D 8523 B

NEWS SUMMARY

GENERAL

ARKITS

Response to coup divides **Caricom**

Jamaica has delayed plans to send 250 soldiers to Barbados to join what appears to be a regional military response to last week's coup in

The build-up of troops from Barbados and Antigua Inliows attempts to isolate the new ruling military junta, but Jamaica's change of plan reflects the failure of the meeting of the Caribbean Economic Community at the weekend to agree on joint

military intervention. In Grenada, the 24-hour curfew has been relaxed during the day-time, although few people turned out to work. State radio has been warning of impending invasion by other Caribbean countries. Page 4 In London, Foreign Secretary Sir Genffrey Howe said Britain and the U.S. were not planning to invade

Swiss move right

Switzerland moved slightly to the right in the general election. The right-of-centre FDP was the higgest

Split in junta

Less than a week before the election, Argentina's ruling military junta is divided over when to hand over power to new civilian authorities. Page 4

'Special' Hong Kong

Chinese Foreign Minister Wu Xueqian said Peking would follow a special administrative policy when it recovered Hong Kong in 1997: "It will remain as it is now, a centre for

Iranians attack

Iran said its forces launched the second phase of its new offensive, closing around the Iraqi border town of Penjwin. Iraq warned that this would be the last battle of the Gulf War. Page 3

Schlüter survives

Danish Premier Poul Schlüter survived a threat to his four-party minority coalition Government by winning enough support for some of the main items in the 1984 bud-

Tamilis lose seats

Fourteen MPs in the Tamil United Liberation Front, Sri Lanka's main minority party, lost their seats after boycotting parliament for three months because they would not renounce claims for a separate Tamil

Bank chief charged

Lee Hun-Seung, president of South Korea's Choheung Bank, was charged with 28 others in connec-tion with a multi-million dollar scandal involving bribes and illegal

Mass murder trial

Dennis Nilsen, 37, went on trial in London for six murders and two attempted murders. Police say he admitted killing 16 people and cutting up the bodies, some of which they found in drains at his home, but said he would plead diminished re-

Briefly . . .

Researchers on the Soviet Far East island of Sakhalin spotted Asian grey whales, believed extinct since last century.

Storm hit a Guatemalan electricity tower, blacking out the country for half an hour

British Airways sought permission to fly Concorde flights between Mi-

Philippines cancelled the President Marcos goli tournament, to save

BUSINESS

Apple sharply lower in quarter

 APPLE COMPUTER of the U.S. saw lourth-quarter earnings drop sharply from \$18.7m to \$5.1m, or 8 cents e share, but profit for the year was up 25 per cent at \$76.7m. Once fast growing, the company is now facing lierce competition, notably from IBM; the poor quarterly re-sults had been widely expected.

• LONDON: FT Industrial Ordinary index eased 4.5 to 685.3. Gilts were lower in cautious trading, with longs falling by up to 1/2. Report, Page 25; FT Share Information Ser-

vice, Pages 30-31 WALL STREET: Dow Jones in-dex closed up 0.1 at 1,248.98. Re-port, Page 25; full share listings, Pages 26-28

TOKYO markets eased on Middle East tension, the cut in Japa-nese discount rate and the rise in U.S money supply. Nikkei Dow in-dex fell 58.82 to 9,269.16 and the Stock Exchange index was 5.01 lower at 675.97. Report, Page 25; leading prices, other exchanges, Page 28

DOLLAR improved in London to
 DM 2-5825), FFr 7.955
 (FFr 7.8925), SwFr 2.1175
 (SwFr 2.1175 (SwFr 2.0995) and Y233.25
 (Y232.35). Its trade weighting was 128.3 (125.6). In
 New York it closed at DM 2.5992;
 FFr 7.935; SwFr 2.111 and Y232.77.

• STERLING fell 25 points to \$1,4995 in London but was other-wise firmer at DM 3.91 (DM 3.88). FFr 11.925 (FFr 11.85), SwFr 3.1775 (SwFr 3.155) and Y350 (Y349.25). Its Bank of England trade weighting was 83.6 (83.3). In New York it closed at \$1.501. Page 35

• GOLD rose \$2.25 to \$396,125 in London. In Zurich it was up \$1 at \$394.5 and in Frankfurt, up \$1.5 at \$395. In New York the Comex October settlement price was \$398.3.

• SWEDEN is planning new rules for share trading, including making "insider trading" a criminal offence.

• ISRAEL bank shares prices fell 17 per cent when trading on Tel Aviv's stock exchange resumed af-ter suspension, but Finance Minister Yigal Cohen-Orgad said government intervention had ended the dumping of bank stocks. Page 3

• SPERRY, U.S. defence systems and industrial products group, said net second-quarter earnings were \$31.1m or 60 cents a share, up from \$9m, and expects the trend to continue. Page 15

● REDPATH Industries, Canadian subsidiary of the UK sugar refiner Tate & Lyle, plans to sell its 50 per cent interest in the loss-making Zymaize comany of London, Ontar-io, which makes fructose sweeteners. The purchase is John Labatt one of Canada's largest brewers which already owns the other 50

 SINGER, sewing-machine make er saw its recovery continue in the third quarter. New income was \$8.8m, against a \$4.7m loss, for a nine-month net profit of \$17.7m, compared with \$300,000. Page 15

● EASTMAN KODAK, world's higgest photographic products group, is to shed 800 jobs in Colorado and Rochester, New York, the latest in a series of cost-cutting measures this

 SEARS ROEBUCK, world's big-gest general merchandise retail group, reported third-quarter earnings up 73 per cent to \$288.8m on revenues 19 per cent higher at \$8.93bn. Page 14

• NATIONAL INTERGROUP, parent of National Steel, fourth largest U.S. steel company, achieved a turnround to net earnings of \$18.2m in the third quarter (\$92.8m loss).

Reagan and Mitterrand defend role of troops

BY REGINALD DALE IN WASHINGTON AND ROGER MATTHEWS IN LONDON

yesterday that U.S. troops must re-main in Lebanon to prevent a "ty-ranny of forces hostile to the West" from threatening the stability of the entire Middle East, including the vast resources areas of the Arabian peninsula".

The death toll from Sunday's bomh attack on the U.S. marine headquarters in Beirut last night reached 186, with 75 more wounded, some gravely. French casualties from a similar

attack minutes later are at least 23 dead, 35 missing and 15 wounded. President François Mitterrand said in Paris last night after visiting Bei-rut that France intended to keep its

. "On the spot I was able to feel the courage and composure of all," M Mitterrand said in a two-minute statement.

The foreign ministers of the four countries involved in the multinational peace-keeping force, in-cluding Mr George Shultz of the U.S., hope to meet in Europe next weekend, the Italian Prime Minishas yet to be decided.

Although Mr Reagan did not name names, the White House made it clear that his references to nostile forces meant the Soviet Union and its Syrlan allies.

Saddened and confused Americans were asking two main questions yesterday: how could it have been allowed to happen? and what are the marines actually meant to be doing in Beirut anyway? In Congress, Republicans and Democrats de-manded a reassessment both of the military role of the U.S. forces in Lebanon and of the overall objectives they were trying to achieve. The identity of those responsible for the Beirut bombs which killed upwards of 200 marines and French paratroopers is a question of obvious importance if the U.S. is to exact retribution. Full answers, however, may be difficult to come by. Since the start of the civil war in Lebanon in 1975 almost every year has produced its crop of political assassingtions and devastating explosions against foreign embassies. party headquarters or simply opposing sectarian groups. Details, Page 3; Editorial comment, Page 12.

try to justify the marines' role in hipartisan goal shared by all Ameri-Lebanon as public anger mounted over the rising death toll. The figure may eventually exceed any single day's casualty toll in the Viet-

There has been great public anguish in the U.S. over the delay in announcing the names of the dead and informing the bereaved fami-

Mr Reagan used a meeting with

A continued U.S. military presence in Lebanon was "essential for American credibility on a global scale," Mr Reagan told the national-ly televised session. He repeated that the U.S. could not consider withdrawing its forces while their

mission remained unfulfilled. Equally, Mr Reagan said, the U.S. could not increase the American regional newspaper and broadcast- force to the point at which it being executives to place U.S. policy came engaged in combat. That in Lebanon squarely in the context would involve fighting with Arab of efforts to maintain world peace states, "increase the number of tar- and protect Western interests from gets," and risk starting an overall Inion and its Syrlan allies.

Soviet encroachment. He insisted conflict that could lead to world that peace in the Middle East was a war, he warned.

Sir Geoffrey Howe, the British Foreign Secretary, told the House of Commons that General Sir Fank Kitson, Commander in Chief of UK Land Forces, was flying to Being to review the security of the 97-strong British contingent in the multina tional force.

He said Britain had no present intention of changing the size or role of its contingent. But this would be considered in conjunction with the other contributors to the

In Italy, the fourth member of the 5,700 member multinational force, the Prime Minister's office said a message had been received from President Reagan suggesting a meeting between the countries contributing troops.

Mr Reagan added yesterday that if General-Paul Kelley, the marine commander, proposed sending more troops to fulfil the marines' mission, he would certainly take the recommendation seriously. Gen Kelley flew to Beirut yesterday to examine how the marines' defences could be strengthened.

Mr Reagan said that there was strong circumstantial evidence" linking the bombing to other recent terrorist acts in Lebanon, such as the bombing of the U.S. embassy in Beirut last April, and that every ef-

Jaguar in

UK-Japan

robot joint

New Soviet missiles 'set for Europe'

BY ANTHONY ROBINSON IN LONDON AND LESLIE COLITT IN BERLIN

started preparations for the deploy-ment of new tactical missiles in East Germany and Czechoslovakia: It described the move as "one of the planned response measures in case new American missiles are sited in Europe." It added: "They are directed at maintaining the equilibrium in the nuclear systems be-tween the Warsaw Pact and Nato."

Confirmation that the Soviet Union has decided to act on its of-ten repeated threat to deploy new weapons is seen as the clearest evidence so far that the Soviet authorities have now given up hope that deployment of U.S. cruise and Pershing 2 missiles could be post-poned beyond the Nato deadline of December 1983.

The announcement is presented as a response to planned Nato de-ployment of intermediate range. missiles hut Western defence officials believe it is partly a pretext for carrying out existing plans for the modernisation of Soviet tactical missile forces.

bombing of the U.S. embassy in rut last April, and that every eftic was being made to find the Continued on Page 14 | siles in East Germany by modern, T5-mile-range SS-21 missiles. About,

THE SOVIET Defence Ministry 250 frog missiles have been deploy-yesterday announced that it has ed in Warsaw Pact countries for

nearly 20 years. The Soviet Union is also expected to go abead with replacement of its 180-mile-range Scud missiles with the 300-mile-range SS-23 missiles. . It is, however, uncertain whether the preparatious now under way will also include the new 540-milerange SS-22 missile. This is the replacement for older SS-12 missiles which hitherto have been based in

the western part of the Soviet Union but not in Eastern Europe. The SS-22 is considered to be the Pershing 2 missile. The Pershing 2s will be sited exclusively in West Germany and their short flight time and ability to hit targets in the western part of the Soviet Union from West German soil makes them the main target of Soviet hostility to the overall Nato modernisation

programme.
Unlike the Soviet SS-20 missile however, whose triple warneads cover the whole of Western Europe and much of Asia, the Pershing 2 does not have the range to hit Mos

The Moscow announcement fol Continued on Page 14

Record earnings at GM show strength of upturn

BY TERRY DODSWORTH IN NEW YORK

third quarter as a result of strong consumer demand and heavy stock rebuilding. GM reported net profits of \$737m or \$2.33 a share for the pe-

U.S. motor companies, underline the continuing strength of the recovery in car sales, although GM's unit shipments, at 1.8m for the quarter, are still lagging well behind the 1.98m recorded in the in-

dustry's peak year of 1978. Sales rose by 23 per cent in the quarter to \$17.6bn, while net profits were np from only \$129m. In the same period of 1978, net profits amounted to \$528m or \$1.84 a share.

represented a nominal record, in real purchasing power they were 8 per cent below the profits achieved in the same period of 1978, he said.

The figures, the first from the big forecasts for production during the rest of this year, it is known that it is planning to step up output in the U.S. Indeed, the third quarter shipments figure might have been higher if it had been able to meet deits deficit problem, the current ecomand in the dealerships, where stocks were in low supply.
Yesterday's results also reflect

the improved margins that have rewith net profit margins as a percen-Despite this recovery in its world-wide figures, Mr Roger Smith, cent from 0.9 per cent in the second units, an increase of 17.4 per cent,

GENERAL MOTORS, the largest chairman, warned that the group quarter of 1982 Interest payments U.S. motor vehicle group, yesterday still had "as far to go as it had also dropped from \$358.7m to reported record earnings for the come." While third quarter figures \$334.6m.

Mr Smith added that the company's profitability now looked as though it would be adequate for it n the same period of 1978, he said. to begin paying out on its employee Although GM has made no firm profit-sharing and incentive programmes, the radical new payment systems which were introduced in the effort to reduce automatic cost

nomic expansion could continue for "five years or more," he said. For the first nine months of this year, GM's net income amounted to sulted from the U.S. industry's cost \$2.4hn (\$7.73 a share), up from cutting efforts over the last year, \$818m (\$2.64 a share) in the same

venture in London

JAGUAR, the UK quality car division of BL, hopes, with the help of a Japanese robot maker and a British company that specialises in advanced automated manufacturing systems, to show the world how robotics can be used in low-volume car manufacturing.

The three-way collaboration - between Jaguar, Dainichi Sykes Robotics, hased at Preston, in Lanca shire, north-east England, and Japan's Dainichi Kiko - has been given the full backing of the UK Department of Trade and Industry and the Japanese Ministry of Inter national Trade and Industry. period of last year. Worldwide factory shipments amounted to 5.65m

Continued on Page 14

White House acts to speed IMF Bill BY STEWART FLEMING IN WASHINGTON

ternational Monetary Fund (IMF) with \$8.4hn - only to be attacked by Republican Party activists for vot-

ing to support communism. The move is an essential first step towards moving the IMF legis-

lation through Congress.
Ever since the National Republican Congressional Committee attacked the Democrats who supported the Republican President Reagan, the legislation has been stalled, with the Democratic Party leadership demanding a letter of apology from President Reagan before they would be prepared to sup-

port the IMF legislation again.

Passage of the IMF legislation to permit the U.S. to make its contribution to easing the fund's strained

PRESIDENT Ronald Reagan yes-terday sent a letter of thanks to W. Clausen, president of the World Democrat Congressmen who on Au-gust 4 supported the Administra-portant financial issue on earth to-

> It has become an essential step in releasing a 36bn bridging han for the IMF from most of the world's main central banks and Saudi Arabia, as well as vital to the IMF's ability to help with the developing country deht crises. Whether a letter from the Presi-

> dent will be sufficient to ensure a smooth passage of the IMF legisletion remains to be seen, however. Democratic leaders have been de-

manding an apology from the Presi dent, but senior Administration officials have described the letter variously as an "explanation" and a letter of thanks from the President.

Even assuming the IMF Bill does begin to move, it faces obstacles.

Economic institutes sharply criticise German strategy

BY JONATHAN CARR IN BONN

THE West German Government's economic strategy came in for unusually sharp criticism in a report issued yesterday by the country's

At the same time, however, the report forecast a doubling of the conomic growth rate next year, to 2 per cent in real terms, with modest inflation and a growing current account surplus. The institutes complained that

there were growing signs that the "turnround" in economic policy promised by the centre-right Government amounted to no more than an effort to cut the state deficit. While that aim was worthwhile in itself, the report said, it should be achieved by a tougher control of spending, not through an increase

in taxes and other deductions. The institutes chided Bonn for allowing an increase in state subsi-dies next year, for failing to dispense with superfluous regulation and - in some cases - actually increasing bureaucratic obstacles to

Part of this criticism has already

been voiced by disappointed busi-nessmen, but the institutes made their points still more trenchantly. In a first reaction, the Association of German Chambers of Commerce expressed support for the re-port and warned Bonn that "no more time should be lost."

The Government has repeatedly stressed that it is sharply cutting its the current account surplus to total borrowing this year and next, thereby relieving pressure on the capital market, while handing on up to DM 8bn (S3bn) in tax breaks to busi-

Further, the institutes own fore-casts indicate that West Germany may, on balance, be performing better economically next year than al-most all its industrial rivals. The German real econon growth rate of 2 per cent is likely to be exceeded only by the U.S. (4 per

cent) as well as Japan and Canada (3.5 per cent). At the same time the West German inflation rate (3 per cent, as this year) should be lower than that

the Netherlands (2.5 per cent). The West German jobless total is likely to average 2.4m (around 10 per cent of the labour force) after an average 2.3m this year.

The institutes expect West German exports to grow by 6 per cent less than 1 per cent this year, and more than the DM 10bn figure for

This strong boost to foreign sales has recently been predicted by West German companies them-selves, but it remains subject to a big questionmark,

The new report made clear that only about 1 per cent real economic growth could be expected on average in Western Europe - which takes about half of West Germany's exports. In France, which is West Germany's biggest single customer, the economy is expected to stag-

The particularly high growth rate countries - like North America and of any country apart from Japan and Switzerland (2 per cent) and centage of West German exports.

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Commodities 25-28 firm on cuts strategy 15 & Lyle 16 China: frontier with Soviet Telecommunications:

China: frontier with Soviet Telecommunications:

Union may reopen 3 Survey Section IV

A YEAR after losing effice, West reinctant Germany's Social Democrat Party (SPD) is alienating many of its friends and giving ammu-

nition te its foes. its back on the Nato nuclear mentary no-confidence vete, missiles strategy pressed by its and especially since March, misslles strategy pressed by its former Chancetlor, Herr Helmut achievements of the post-war period. Yet much of the party seems so eupheric about its release from the burden ef coalition government that it appears net to notice its selfinflicted wounds

Naturally, it is the SPD's attitude on the missiles issue from Socialist-led France te the Republican-governed U.S. It is recognised that Chan-

cellor Helmut Kohl's centreright Government has the parliamentary majority, and evidently the political go ahead with deployment or new U.S. missites by the end of this year. But Western dielomats fears the SPD's growing hostility to the Nato stance may encouraged the Soviet encouraged the Soviet fexible in its to it (despite his belief that the superpowers wasted too hefore and during be avoided after all.

From the first, the SPD gave

Schmidt had to fight hard and threaten resignation to keep the party behind him. But, since tion te its foes. last October, when Herr The party is not just turning Schmidt lost office in a parliawhen the party lost the general Schmidt. It is also undermining election, Social Democrat oppo-some of its own hardest-wen sition to the Nato strategy has

One regional SPD organisatien after anether has come out against deployment. Herr Willy Brandt, the party chairman, took the same stand in a speech to anti-missiles demonstrators in Bonn last Saturday. which causes most dismay Herr Egon Bahr, the party's among West Germany's allies, disarmament expert, recommends the West to accept the Soviet Union's latest offer in the Genevn negotiations.

In these circumstances, the congress next month at which the SPD is dne formally to

the negotiations). He is likely to he supported by a minority

is now heavily against them. It would be wrong to suggest liberals, it wo that the SPD leadership back to office. actively pressed the party te oppose deployment. On the contrary, the executive recomcontrary, the executive recom-mended that the issue be kept of the vote and the Greens 5.6 epen until the result of the negotiations is known. But it

negotiations is known. But it fer the CDU and its Bavarian did so with such evident lack ally the Christian Social Union. of enthusiasm that it is little wonder its advice has been lgnored. The rank-and-file made the running and the "leadership" came floundering

much of the responsibility for this gradual breakdown of authority. Few would deny be has shown courage and the best of intentions as a former governing Mayor of Berlin and as Chancellor. But he seems temporarity attracted to ambiguity. "I believe in diversity and hence in doubt," he admitted in his speech on receiving the Nebel Peace Prize in 1971. It is a quality which appeals to many people, hut it is clearly a dangerous one for a leader of a great

Sioce the SPD lost power, Herr Brandt has been stressing that "there is a majority to the left" of Chancellor Kohl's Christian Democratic Union (CDU). This is taken to mean that if the SPD could the Nato "twin track" (arm of others, including Herr Hans to mean that if the SPD could and negotiate) missiles decision of December, 1979, only very Minister. But the party mood porting the radical Greens, as Nato membership. For much of

party.

This is a dangerous assump tion. In the March general elecper cent, against 48.8 per cent The liberal Free Democrats (FDP), who had switched from the SPD to support Herr Kohl, won 7 per cent. In other words, the "majority

te the left" did not exist—indeed it was even less available than the figures above imply. Fer if the SPD had radically adapted its policies te absorb volers, it would certainly have lost more of its traditional middle-of-the-road supporters. The March result simply confirmed a message delivered time and again by West German voters-that electiens are won neither on the "left" nor the "right," but in the centre.

It is a message the SPD now seems in grave danger of forgetting, despite its own hitter experience. The Social Democrats were in opposition for 17 years continuously-from 1949 to 1966. For the first 10 years

they were net only advocating radical left-wing economic policies but hitterly opposed

well as disaffected left-wing the time they could muster only liberals, it would come riding around 30 per cent of the vote.

Thanks to party strategists SPD gradually moved towards the centre and entered government-first with the CDU, later with the FDP. Three Social Democrat defence ministers, Helmut Schmidt, Georg Leber and Hans Apel, did much te reduce the latent tension between the party and the Bundeswehr (the federal armed forces). West Germany was generally seen as a reliable member of the Western alliance. whatever reservations other Nato members sometimes had about the course of Bonn's policres towards the Soviet Union

drifting back to the bad eld days of the 1950s. Herr Brandt argues that rejection of missiles deployment does not mean the SPD is putting Nato membership itself in question.

and Eastern Europe.

Herr Wehner, who used to keep tight discipline in the parliamentary party, has retired and his successor. Herr Hans Jochen Vogel, is intellectually more able but in practice less effective. Herr Schmidt's health is poor and he is in his last parliamentary term. The new man who can put the SPD back on the right road is not

The stability of Swiss politics had one counter-productive ef-fect. Participation in the poll fell cent recorded in 1979 to reach . new low, More and more voters obviously feel that the institution of a "grand coalition" stilles eflective parliamentary opposition - but realise that this will hardly change without a massive, ar

nulikely, growth of support for non-condition parties. Within the narrow radius of change at the 1983 elections, the Rudical Democrats have reason to feel pleased with their showing. The party, which in most cantons is close to the local "establishment," became the single largest grouping in the lower house, with at least 54 and possible 56 seats, while improving its Senate contingent from 11 to 14.

Banco Ambrosiano Turnout at new low settlement eludes in Swiss Vatican-state body elections

Italian state and the Vatican, set up last December to try to settle the dispute between them By John Wicks in Zurich SWITZERLAND moved slightly over the defunct Banco Ambroto the right in last weekend's general elections, with losses made by both the Social Demosiano, has failed te reach agreement crats and the Communist Party. The biggest winner was the

right-of-centre Radical Demo-

cratic Party (FDP), with gains of

three seats in the States Council

(upper house) and at least three in the National Council (lower

Despite this, there will be no

change in the composition of the Federal Council, the country's

seven-minister Cabinet. This body, whose members will be elected by a joint session of par-

liament on December 8, will con-

tinue with two ministers each from the FDP, the Social Demo-

rom the FDF, the SOCIAL Demo-crats (SP) and the Christian Democratic Party (CVP) and one from the similarly right-ol-cen-tre Swiss People's Party (SVP). The surprising feature of Swiss politics is that there are no sur-

prises. The four coalition parties have regularly won more than three-quarters of the total vote

since proportional representa-tion was introduced for the Na-

tional Council 64 years ago. Initial figures show that they

will again occupy nearly 179 of the 200 National Council seats and every single seat in the 44-member States Council.

The search for a settlement, however, is understood to be continuing and has become if anything more urgent. This is partly because of the pressure from creditor banks of Banco Ambrosiane's Luxembourg subsidiary, Banco Ambrosiano Holding.

The formation of the joint commission was announced last Christmas Eve. It was intended to probe the relationship between the late Sig Roberto Calvi's Banco Ambrosiano, which crashed with \$1.35n worth of debts in June, 1982, and Istitute per le Opere di Religione (IOR), the Vatical Bank of the Calvida Company of the Calvida bank, and to propose a settle-

Ranco Ambrosiano crashed secause it could not recover the \$1.3bn lent to obscure com-panies which the Vatican admits to having owned, athelt un-wittingly. IOR, whose chairman is Archhishop Paul Marcinkus, issued letters of patronage on behalf of these companies in September 1981.

THE JOINT commission of the side, should have completed its that, if there were a settlement, funds handed over by the Vatican to the liquidators of Banco Ambredaho would be used to pay off the claims of the foreign banks which lend about \$480m to Banco Ambredaho Holding in Laxen-house. kned

Tir.m

bourg.
The liquidators have refused responsibility for these debts, but have already made partial offers of artitement which have been rejected by the creditor

However, the joint commis-sion, which to believed to have presented its draft conclusions to the Italian Foreign Ministry. is reliably understood to be divided. The Vatican representative is upholding the Vatican's line that the Holy See was hoodwinked by Sig Calvi and had no responsibility for the Ambrosiano crash.

The apparent faiture of the joint commission does not mean, however, that the issue

Italian deficit

ITALY's current account deficit was L2,000bn in the first helf of this September 1981.

The joint commission, comThe amount was incorrectly stated posed of three men from each in yesterday's edition.

West Germany opposes UK insurance move

BY PAUL CHEESERIGHT IN LUXEMBOURG

BRITISH ATTEMPTS to liberalise insurance market. The issue, he the European non-life insurance said, had been stack in the mud for market again ran into stiff opposition from West Germany et a meet.

The West German approach is ing of EEC economy and finance ministers in Luxembourg yester-

A draft directive on the insurance market from the European Commission, generally supported by the UK Government, has been stalled in the EEC Council of Ministers since 1978.

Air Nigel Lawson, the UK Chancellor of the Exchequer, sought but failed to win a political commitment from the other EEC countries on movement towards a more liberal too long."
The West Gorman approach is

that freer competition in the insur-ance market should be confined to industrial and transport risks, leaving the consumer market untouched - a view that does not provide the degree of berelisation which the UK Government has consistently sought.

- West Germany yesterday also op-posed the extension in 1984 and 1985 of interest rate subsidies to Ireland and Italy within the framework of the European Monetary System.

More heat on Polish dissidents BMW sees threat of

BY CHRISTOPHER BOBINSKI IN WARSAW

WITH ONLY seven days to go be- that the authorities could see their weeks preceding October 19. fore Poland's amnesty for the Soli- way clear to freeing the KOR dissidarity underground runs out, the authorities have stepped up their war of nerves to persuade as many activists as possible to drop clandes-

The main prize for the Government, the four-man Solidarity un- run since July 22 anyone in hiding derground leadership (TKK), seems fated to elude the authorities, as Mr Zbigniew Bujak, the leader in Warsaw, and his colleagues are deter-

mined to soldier on in hiding.

The Solidarity leadership has also Ignored publicly repeated hints FINANCIAL TIMES, USPS No. 109640, published daily except Sundays and holidays. U.S. subscription rates \$420.00 per annum. Second class postage paid at New York, N.Y. and at additional maling centres, POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rocketeller Plaza, N. Y., N. Y. 10019

dents, the seven Solidarity leaders awaiting trial, and others of more had been expecting the than 70 still in prison if the TKK grow as time ran out. were to emerge and cease to play a

Under the amnesty, which has run since July 22 anyone in hiding or sympathisers above ground can count en charges not being brought the Sztandar Miodych youth newsthe police by the end of the month.

Quite often the police have told people that their clandestine activihinted that they should take advantive in the underground. week period and 150 in the four earlier this month.

The latter figure has no doubt disappointed the authorities who had been expecting the numbers to

Now the police can be expected to step up their activities persuading people to turn themselves in to

if they report their own activity to paper ran an interview with an ungiving the Christian names and the initial of the surname of 17 students ties are no longer a secret, and then and staff at Warsaw University ac-

tage of the amnesty before they

Mr Lech Walesa yesterday confind themselves in prison. Thus, unferred with senior church officials til October 19, 443 people had reat the Polish bishops' headquarters ported in, 108 of them in the first in Warsaw for the first time since four weeks, 185 in the second four- he received the Nebel Peace Prize

industry-wide strike

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT THE WEST GERMAN motor indus-would help to cut onemployment. try is bracing itself to face the first. Talks with the management side of industry-wide strike since before the motor industry are due to start the Second World War, according to in mid-December. Mr Klaus Fleischer, head of export

sales for BMW. He suggested that the West German unions seemed determined to ehtain a reduction in the working week from 40 to 35 hours. But industry as a whole was equally determined to resist such a move. There were indications, Mr Fleischer said, that the motor in-

dustry - because of its importance as an exporter - would be selected

Mr Fleischer maintained that any interruption to output would be a serious blow for BMW, which had not been able to match demand for its cars for several years. Its output next year was scheduled to rise to hetween 450,000 and 460,000 from about 420,000 in 1983. Each day ef stoppage next year would cost more than 1,890 cars.

BMW was already working above as a prime target when the unions its nominal capacity, he said, and pressed their case. The unions want a 35-hour week make Saturday a normal working in all West German manufacturing day instead of one for which over-industry because they believe this time was paid.



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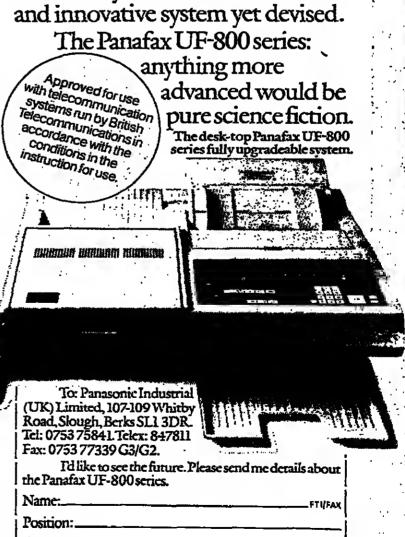
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Saddened **Americans** round on Reagan By Reginald Dale, U.S. Editor In Washington

in Washington SADDENED AND confused SADDENED AND confused Americans were asking two main questions yesterday: how could it have been allowed to happen, and what are the marines meant to be doing in Beirut?

In Congress, Republicans and Democrats demanded a reassessment both of the

and Democrats demanded a reassessment both of the military role of the U.S. forces in Lebanon and of their overall objectives.

Unless President Ronald Reagan comes up with some satisfactory answers in the next few days, he will face an outery from both the public and Capitol Hill legislators, some of whom are already blaming him

At the most basic level

At the most basic level, there is sheer incomprehension as to how a truck loaded with explosives could have forced its way through three guarded barriers to explode in the lobby of marina head-quarters—particularly after security was meant to have been strengthened following the car bomb attack on the U.S. embassy in Betrut on At the most basic level. U.S. embassy in Beirut on April 18, which killed 63

people.
The U.S. anthorities had reportedly warned that similar attacks were likely to recur, and several military experts were asking yesterday why there were no concrete "dragon's teeth," like those used by British forces in Northern Ireland, or even steel spikes, to stop vehicles penetrating the compound.

The repeated response of Mr Caspar Weinberger, the Defence Secretary, that it is impossible to guard against a suicide attack, is widely seen as inadequate.

Senator Edward Kennedy, a member of the Senate Armed Services Committee, has already echoed public sentiment by calling for a committee investigation into what he describes as "an unbelievable breakdown in security."

The concentrated, static. marine position at the lowlying airport is obviously exposed and vulnerable—the rines are "living in the bull'a eye," in the language

But only this month Gen. mander, who flew to Beirut yesterday, told Congress that the marine corps was satisfied

with its geographic position—given that it was dictated by peace-keeping requirements.

Those who opposed the marines' mission in the first place are calling increasingly stridently for them to be withdrawn at once. But that is not so far the majority view on Capitol Hill, where even many of Mr Reagan's are warning opponents

against snap decisions

U.S. determined to find who was behind brutal suicide mission BY PATRICK COCKBURN

Since the atart of the civil war in Lebanon in 1975 almost every year has produced its crop of political assassinations devastating explosions against foreign embassies, party heedquarters or simply opposing sectation groups.

In the immediate aftermath of Sunday's attack, Mr Caspar Weinberger, the U.S. Defence Secretary, said that much of tha In the immediate aftermath of Sunday's attack, Mr Caspar Weinberger, the U.S. Defence Secretary, said that much of tha circumstantial evidence pointed to the Iranians. In Beirut itself diplomats and marine commanders believe that the group most likely to be behind the assassinations is a faction of Amal, the Shia political and military grouping, which is based in the Bekaa valley to the east.

Lebanese Government and tha done for the cause.

On walls the most common poster is of Imam Mousa Sadr, who disappeared in Libya in 1978. His leadership of Amal lawyer who has tried to improve population of under 3m people. They are the poorest group and are heavily concentrated in south Lebanon, the Bekaa valley and south Beirut.

It is in the slums of south Beirut such as Bourj at clearly has supporters. There is collection of vigilante groups on walls the most common poster is of Imam Mousa Sadr, who disappeared in Libya in 1978. His leadership of Amal lawyer who has tried to improve supplied by Syria but in the position of the Shia in Lebanon and not let his move army and the Druze Mr Berri and south Lebanon, the Bekaa valley ontide force, such as the sidelines. Government forces based in the Bekaa valley to the lawyer who has tried to improve mainly lawyer who has tried to improve supplied by Syria but in the position of the Shia in Lebanon and not let his move army and the Druze Mr Berri and south Lebanon, the Bekaa valley ontide force, such as the sidelines. Government forces based in the Bekaa valley to the lawyer who has tried to improve supplied by Syria but in the position of the Shia in Lebanon and not let his move army and the Druze who has tried to improve supplied by Syria but in the position of the Shia in Lebanon and not let his move army and the Druze who has tried to improve supplied by Syria but in the position of the Shia in Lebanon and not let his move are supplied by Syria betting the position of the Shia in Lebanon and not let his move are supplied by Syria betting the position of the state of the

American headquarters, is probably linked to this group. For a year it has been split from main atream Amal, led by Mr Nabih Berri, which is the moat important Shia movement. Besed in Baalbek, so-called "Islamic" Amal is beavily influenced by the Syrians and Iranians.

influenced by the Syrians and Iranians.

The U.S. bad been slow to appreciate the dangers to its men in Beirut because the most immediate threat to the Lebanese Government and tha

masks over their faces, man road blocks. There is no donbtroad blocks. There is no conting their fanaticism and willingness to die. A middle-aged man, whose son had been killed in a gunbattle two days before told me he was joyful his son was dead because of what he had

done for the cause.
On walls the most common poster is of Imam Mousa Sadr,

The suicide drivers who crashed their explosives-packed trucks in the American and French bases would not be difficult to recruit in this area. Furthermore Mr Berri's militia-men are not a coberent para-military force. They are rather a collection of vigilante groups whose loyalties vary from area

THE IDENTITY of those responsible for the Beirut bombs which killed upwards of ment, which says that two of its paratroopers is a question of obvious importance if the U.S. american headquarters, is probable to extract retribution.

The full answer, however, may be difficult to coma by. Since the start of the civil war in Lebanon in 1975 almost



Mitterrand shows revulsion at terrorism

FRENCH PRESIDENT Francois Mitterrand's one-day visit to Beirut was seen as a spontaneous gesture to show his profound emotion over the weekend massacre, in addition to apparently demonstrating France's continuing support for Lebanese President Amin Gemayel's Government.

President Mitterrand's deci-sion to fly to Beirut is in keeping with the French Socialist leader's characteristically prompt response to major acts of terrorism.

He went to the scene of the

shooting massacre inside a Jewish restaurant in Rue des Jewish restaurant in Rue des Rosiers in Paris in August 1982 in which six people died, and to Orly where several more people died this year after a bomb planted by Armenian terrorists exploded.

President Mitterrand sent M. Pierre Mauroy, the French Prime Minister, to Beirut after the French Embassy there was attacked in May 1982.

attacked in May 1982.

The sudden gesture by President Mitterrand won broad concensus in France. Indeed, former President Giscard d'Estaing was often criticised for not reacting sufficiently promptly and emotionally to

President Witternand is under stood to have decided to fly to Beirut on Sunday shortly after learning of the tragedy. His plans were, however, kept secret

for security reasons.

Before the President left early on Monday, M Charles Hernu, the French Defence Minister, and Gen Jeannou Lacase, the Chief of Staff of the French armed forces, flew

price was the end of the troubles for the bank shares. Some

had put heavy pressure on in-

stitutional investors not to sell

The public reaction to the

it had already been known that the shares would fall following

to buy their own shares that the banks went to the Govern-

ment earlier this month to

Taking the news from the stock market as a good omen, Mr Cohen-Orgad said yesterday

that he believed the new eco-

nomic programme being pur-

sued by the Government could

lead to a halving of the US\$5bn-plus balance of pay-

ments deficit within two years.

the Finance Minister said. "It is not just a technical change

we are talking about. It is a change which will require a

contribution or sacrifice from a broad part of the Israell popu-

lation, who will have to reduce

But the optimistic sounds being made by the Finance Minister were not echoed at a meeting of the Knesset Eco-

their standard of living."

"It is not going to be easy,"

their bank shares.

plead for help.



Prench paratroops guard President Mitterrand as he visits the devastated area

ment yesterday renewed its commitment to maketain the French military presence in Beirut.

Although the French Commonist Party repeated, albeit in mild terms under the circumstances, its support for a French withdrawal from the Lebanon. the Government sought to present a united front for maintaining the French forces. France has found its position

to Beirut.

The French political parties uncomfortable recently but the have been unanimous in their attack on its forces at the weekcondemnation of the Beirut end has clearly reinforced its

attrocity and the French Govern- commitment to maintain its Mauroy said the problem of the where for the time be return of the French

The French Foreign Ministry yesterday also claimed that M Claude Cheysson, the French Foreign Minister, had been mis-interpreted on Sunday when he made an ambiguous remark in Greece suggesting the latest attack could lead some people to worry whether the presence of French troops in Beaut was

M Cheysson, however, also said "France is not in the habit of giving in to pressure." Condemning the attack as "a hideous and cowardly act," M

from Behrut was not under our-

• Gnerrillas loyal to Mr Yasser Arafat, leader of the Palestine part in artillery duel and gun-Liberation Organisation, took fights near two refugee camps in north Lebanon yesterday and Lebanesa security officials said there were casualties.

The pro-Arafat news agency. Wafa, said Syrian artillery units shelled the loyalist force near the village of Bebnine, 10

Italian concern continues

By James Buxton in Rome THERE WAS continuing concern in Italy yesterday over the future of the 2,000man Italian contingent in Lebanon and the proposed sending of a 400-man Italian observer ferce into the Chouf Mountains.

The inner cabinet of Sig

The inner cannet of Sig Bettino Craxi, the Prime Minister, was due to meet last night to discuss the Lebanon. Sig Giovanni Spadolini, the Italian Minister of Defence, has postponed a visit to Britain in order to attend the

so far, Italy has avoided major casaulties in Lebanon, and it took a less assertive role in the September fighting than the U.S. and French

It was partly because of this that it was considered an acceptable participant in the observer force between Christian and Druze forces in the Chouf, to which Greece had also indicated its readiness to contribute.

But with the situation in Lebanon now uncertain and the sending of the observer force, which was awaiting for-mal invitations from all the parties involved and the ful-filment of other conditions, now appears to be in doubt. Members of the ruling five-party coalition were yesterday

taking a more cautious stance on the observer force. But Italy is unlikely to take a decision on the future of its troops in Lebanon before the proposed meeting of foreign ministers of the four countries which contribute to the peace-keeping force.

Rising death toll of the peace-keepers

BY OUR MIDDLE EAST STAFF

THE first attack on the multi- 97. national peace-keeping force in Beirut came nearly a year ago when a U.S. marine was slightly wounded by shrapnel from a

It was the start of a steadily escalating campaign against the peace-keeping troops which before last Sunday's bomb out. rages bad cost the U.S. marines seven dead and 60 wounded and the French contingent 18 killed and 34 wounded. The Italian force bas escaped more lightly, while the small British contingent of 97 men has yet to suffer easing the small better to suffer easing the small british contingent of 97 men has yet to suffer easing the small better t suffer casualties.

The American, Italian and French forces originally French forces originally entered Lebanon to oversee the withdrawal of Palestinian guerrillas from Beirut after the June 1982 invasion by Israel. After the successful evacuation of the guerrillas in August and despite anxious pleas from leaders of the Palestine Liberation Organisation, the multinational force withdrew. But it was back again within weeks following the massacre of Government of President Gemayel.

The purpose of the force was to provide protection for the civilian population most at risk. to giva President Gemayel the breathing space be needed to negotiate a withdrawal of all

and Chatilla.

ing by offshore, and the British building

country resulting from opposi-tion to the Lebano-Israel withdrawal agreement reached in Mey this year gradually drew the multinational forces into a more combative role as they were forred to respond to sniping and rocket attacks on

By September when the Lebanese Army and Druze militias were beavily engaged in the Chouf mountains over-looking Belrut, the intensity of the attacks forced the U.S. and French forces to defend themselves more vigorously. British, U.S. and French jets took successively to the air over the capital and U.S. warships bombarded Druze artillery seeking to force the Lebanese Army to

The British contingent is

stationed in disused apartment building at the south-east corner of Beirut. Close by an abandoned tobacco factory, the British position is an excellent observaforeign forces from Lebanon, and to allow time for the Lebanese Army to be received. and to allow time for the Lebanese Army to be requipped and retrained.

Its total force stands at about their role is limited by their small numbers. They also pro-5.700 men, with the French vide guards for the meetings of the military committee over just over 2,000, the U.S. 1,200 with another 400 marines standment meets in an abandoned bank

Japanese

production

TOKYO — Japanese vehicle production rose by 39.2 per cent to a rounded 1.01m units

in September from August and was up four per cent from a year earlier, the Japan Automobile Manufac-

turers Association said

This was the fifth consecutive

month of a year-on-year in-crease, the result of increasing

domeatic and export sales, it

The September total comprised

647,500 cars, up 6 per cent from e year earliar, 355,100 trucks, up 6 per cent and 4,400 buses, down 17.8 per

Talks soon

on Punjab

vehicle

up 39%

OTHER OVERSEAS NEWS

shares falls by 17% as trading resumes

BY DAVID LENNON IN TEL AVIV

trading resumed on the Tel Aviv as the Treasury and bank Stock Exchange yesterday after officials that yesterday's fall in a suspension of more than two price was the end of the troubles

Combined with the recent devaluation of the shekel, this means that, in dollar terms, the bank's shares have lost more than one third of their value.

The Government limited the fall of the sheres of the four major commercial banks to 17 per cent by announcing that this was the price at which it was prepared to buy the U.S.\$140m worth of stock offered for sale. through the Bank of Israel, is part of the Treasury's rescue
The public reaction to the
plan designed to stave off a colfall in share prices was calm, as

Mr Yigal Cohen-Orgad, the new Finance Minister, expressed delight with the relatively limited amount of stock being sold. He said it indicated that the panic of two weeks ago when there was wholesale dumping of bank stocks and

the bank whereby the Government undertakes to purchase bank shares held by the public at the end of five years at the rate of 104 per cent of their dollar value on October 6 this year. Alternatively, the shares can be converted into Govern-ment-guaranteed, high-yielding,

All orders for yesterday's trading bad to be in by the previous evening to prevent any escalation of selling during the day, which might have led to a collapse of the market which is dominated by the bank shares. There will be no trading today as a national holiday has been

fresh thrust' against Iraq By Our Middle East Staff

Penjwin is east of the Iraqi oil centre at Kirkuk which was repeatedly bombed by the Iranian airforce at the start

dicted before the start of the latest Iranian attack that Iran might seek to threaten transmight seek to threaten transis remaining oil export pipeline in retaliation for the delivery to Iraq of French Super-Etendard aircraft equipped with Exocet missiles.

The Iraqi pipeline runs from the eastern edifields through Turkey to the Mediterranean and has a current capacity of about 700,000 barrels a day.

Iran claimed that its forces were advancing to the south.

but Iraq said that it would crush the invading forces and predicted that this would be the last battle of the war. Both sides said that many hundreds of enemy troops had been killed in the latest fighting. Iran put total Iraqi casualties at ever 4,000.

offensive and warned then that they would retaliate with all the means at their disposal. At the weekend Baghdad radio reported that the Iranian port of Bander Khomeini at the northern end of the Gulf had been mined, but there has been no inde-pendent confirmation of this.

BY MARK BAKER, RECENTLY IN URUMOL NORTH-WEST CHINA

stan-the so-called Roof of the

on either side. Virtually the only crossings are by stray goats and the occasional spy.

meant separation of families and close friends. Chinese foreign ministry offi-cials in Urumql now say, bow-ever, negotiations are under broader Sino-Soviet consultaever, negotiations are under way in Moscow that may soon lead to a resumption of exchanges between relatives and



some changes on visits between relatives when the new regu-agreed," said Mr Li cishun, a agred," said Mr Li cishun, a Foreign Ministry spokesman. "There is a possibility of re-sumed border trade, and it is possible there will be some direct contact between rela-tives."

reopen the border in Central Asia at two posts which were important trade routes during the 1950s — et Turugart, near Rashgar in southern Xinjiang, and at Korgas, west of Urumqi.

Roads to the two crossing points bave been upgraded, new storehouses and other buildings bave been built and existing equipment has been repaired. It is expected that Xinjiang will become an important channel for barter trade between the two governments, the target for which has been increased this year by about 170 per cent to \$800m

Fruit and long-staple cotton are expected to be the main exports from Xinjiang, whila glass and coffee are expected to be the main Items to come from the Soviet Union. China has ruled ont an early resumption of local border trade, but, more significant, at least for the local people, is the prospect of a re-sumption of exchange visits batween the minority nationali-

Those on the Chinese side now wanting to visit reletives who may live as close as the next valley across the border, ara offared a dubious choice: obtain a passport and visa, fly to Peking, then Moscow, then China has already made back to Tashkent and take a bus

or take e train to Peking, north around the top of Mongolia and then back down to the border

They are options which, in reality, bave been open only to a handful of people who are determined and rich enough. In two decades it appears that less than 10 people bave arranged visits from either side.

The border, which runs mostly through icy mountain ranges, is marked by an irregular line of concrete posts and rough stone mounds. But its closure is enforced by substantial numbers of troops. The Soviet Union has more than a million troops along its borders with China, whila China is estimated to bave more than 250,000 troops in Xinjiang alone. The only official communica-tion along the Central Asian section of the border is con-

ducted at four posts,

If either side has a dispute it
must raise a plain red flag. Once the opposite side acknowledges by raising its red flag, a meeting will take place at e central Li says that despite a build-

up in Soviet forces in the area, tension along the border has eased over the past two years. But he says meetings at the border posts can still occur as

that he would soon invite Mr Harchand Singh Longowal, president of the Akali party of Sikhs, for talks aimed at

settling the problems in the Punjab, writes K. K. Sharma in New Delhi. Punjab has been put under direct rule from New Delhi following murders of Hindus

INDIA'S Home Minister, Mr P. C. Sethi, yesterday told MPs

and adoption of terrorist tactics by Sikh extremists

French team evacuated

yesterday.

Several French technicians and their families have been evacuated from a cement fac-tory project in south-east Burma following the kidnap-ping of a French couple by guerrillas, it was disclosed

the Karen National Union (KNU), a right-wing secessionist group, has claimed responsibility for the kidnapping, Reuter reports from

Price of Israeli bank Iran in

THE PRICE of Israeli bank vote in the municipal elections, shares fell by 17 per cent when Not everyone was as certain

The Government intervention lapse of bank shares.

the inability of the banks to continue their policy of sup-porting their abares. It was because they ran out of money buying of dollars was over.

Like other Treasury officials,
ho attributed this to the
arrangement worked out with

long-term savings schemes.

declared to enable citizens to

IRAN said yesterday that it had launched a fresh thrust in its five-day offensive against Iraq in the northern border region of the battlefield. The target of Iranian troops appears to be the Iraqi town of Penjwin in the Kurdish

of the war over three years Arab diplomats had pre-

were advancing to the south, east, and north of Penjwin,

Iraqi diplomats said two weeks ago that they were expecting another Iranian

Sino-Soviet frontier may reopen cipation of an agreement to

CHINA and the Soviet Union are negotiating to reopen their frontier in Central Asia to enable the first direct trade and exchanges between families there in 21 years. The border, which stretches for 3,000 kms along the western

flank of China's largest province, Xinjiang, bas been closed since 1962 when the two Communist nations broke of rela-tions after rows over ideology. The mountainous frontier, which begins in the Pamir ranges at the edge of Afghani-

World—is now guarded by hundreds of thousands of troops The closure bas divided several races of people as effectively as the Berlin Wall. For thousands of Uygurs, Kazaks, Kirgiz and Tajiks, whose nationalities and traditional lands straddle the border, it has meant severation of families.

state-level trade across the

BY K. K. SHARMA IN NEW DELHI

would not be possible unless they resolved the border issua

over which they went to war in

The warning came as the two

sides met for the fourth time in three years in another bid to

pormalise relations, which have

been noticeably cool for the past



tions now under way in Peking to explore ways to heal the rift between the two countries. extensive preparations in anti- to the Soviet side of the border, often as several times a week.

territory in the Ledakh province of Kashmir state, while China

Li said any new agreement

India tells China border issue is crucial INDIA yesterday blumtly told inconclusive war over men opinior issue as being control of conclusive war over men opinior issue as being control of conclusive war over men opinior issue as the improvement of overall Sino demonstrate that its case on Indian relations, there are many Northern Ladakh and Arunachai INDIA yesterday bluntly told inconclusive war over their border issue as being central to since it is convinced that it can

Trade and cultural links were hurdles to cross. The Chinese resumed four years ago, but are known to want what they further progressive has been call a "package" deal which is sound. meagre.

India claims that Chinese tion as it is now. That is, they troops illegally occupy more than 14,000 square miles of its Northern Ladakh is part of mational interests and strong ferritory in the Ladakh province. China in return for recognising national

sentiments of Kashmir state, while China Armacbal Pradesh as an involved in any exercise to claims Armachal Pradesh in integral part of India.

India, however, wants each and that this was the most two decades ever since the two northeast India as its territory. India, however, wants each and that this countries fought a bitter and Although India regards the sector to be discussed separately, immediate issue,

India bas told the Chinese that, although both countries seem to want normalisation,

Nicaragua forced to save fuel after guerrilla attacks

THE Nicaraguan Government announced tricity consumption following an escalation of sabotage attacks directed at key economisc targets by Right-wing U.S.back guerrillas.

From November 1 the working week will be cut to five days from five and a-half, street lighting switched off at mid-night, air-conditioning in public offices reduced, and cuts made in diesel and petrol consumption by Government vehicles. The petrol rations for private vehicles will he cut by two gallons a month, from 20 gallons a month for cars, and 12 gallons

Mondale makes

good showing

By Reginald Dale, U.S. Editor in Washington

MR WALTER Mondale, the

former Vice President, ds mak-

nation.

Mr Mondale finished second,

with an impressive 35 per cent. in Florida'a Democratic presi-dential straw poll at the week-

end, pushing his main rival, Senator John Glenn of Ohio.

into third place with only 17

Florida Governor, an ontsider

who had to win in his home

state to stay in the race. But

Mr Mondale received two

A newspoper poll showed him

to be first choice for the nomi-nation among Florida demo-cratic voters, with 32 per cent,

other boosts in his bid to dispel

the impression that be is too

As expected, the poll at a state party convention was won by Mr Reubin Askew, a former

in South

a month for motor-cycles. The taxi ration will be cut by 1 gallon a day from 5 gallons. Nicaragua imports all its fuel requirements of 4.6m barrels per year from Mexico. Attacks on storage and unloading fscilities at the ports of Corinto and Puerto Sandino recently came close to seriously disrupting supplies. This, conpled with guerrilla threats to attack Mexican tankers bringing oil to Nicaragua, pushed up freight rates for a 120,000 barrel load from US\$90,000 to over US\$350,000. Some ship brokers have been giving quotes of up to US\$800,000, according to officials of Petronic, the Nicara-

Tha Government warned of the weekend that it may have to evacuate the entire 25,000 population of Corinto to protect them from further attacks, Fire fighting experts said that if the attack which destroyed 2m gallons of diesel fuel had hit gasoline and aviation fuel tanks the entire port and most of the neighbouring town would have been destroyed.

Meanwhile an air attack on the new 35 MW geothermal electricity plant of Momotombo, located 40 km north-west of the capital, was repelled by anti-aircraft fire on Friday night,

Argentine junta divided on handover of power

BY JIMMY BURNS IN BUENOS AIRES

WITH LESS than a week to go before the national elections, Argentina's military junta is divided over when it should actually hand over power to the ing a surprisingly strong showing in the South as he campaigns for next year's Democratic presidential nominew civilian anthorities.

It emerged over the weekend that a plan to bring forward the formal self-dissolution of the junta to some time in the first half of December and not January 30 as originally planned was being opposed by parts of the Army.

The new date is understood to have the strong support of the Air Force after being earlier backed by the parties and civilian advisers to the Ministry of Army-led

Mr Askew'a 45 per cent was less than be bad boped for, and some of his delegates were thought to have switched to Mr The Air Force, which bas taken a strongly nationalist line on the debt question, wants the parties to be brought in as soon as possible into talks with Argentina's foreign creditors to Mondale, following Mr Mondale's recent endorsement by the AFL-CIO, the country's largest labour federation. demand easier terms. Without awaiting a final decision from the junta the Air Force is believed to have already advised all its members to withliberal to carry the South, draw from diplomatic and which plays o significant role in administrative posts within 30 the nominating process days of polling day on October

The Army high command, however, would like more time to negotiate with the incoming against 26 per cent for Mr government on some key Askew and 19 per cent for Mr aspects of its programme. It has yet to be won over to the

argument that an excessively lengthy transition period could prove a further destabilising factor in an already volatile political situation.

Some Army officers are worried apparently by the sweeping military reforms and the airing of the human rights question being promised by the radical party and to a lesser extent the Peronists. In a rally on the outskirts of

In a rally on the outskirts of Buenos Aires on Sunday night Sr Raul Alfonsin, the radical presidential candidate, said that he would take oll the measures he felt necessary to put the armed forces firmly under the control of his government if elected. The radicals are proposing significant cuts in defence expenditure, a scrapping of military service and a major shake-up of the internal intelligence services.

Recent onlying polls are

Recent opinion polls are ohowing that the radicals ore close to upsetting the political hegemony of the Peronists although campalgning this week will have an impact on huge rallies both major parties are planning for Buenos Aires this Sunday as a test of public

In a related development over the weekend, Sr Augusto Comta, o human rights lowyer and candidate for the small Christian Democrat Party, drew thousands of supporters to the capital's Lezama Park.

Caricom disagrees on Grenada task force

By Carrute James in Kingston LEADERS of the Caribbean Economic Community have failed to agree on joint military intervention in the troubled Eastern Caribbean Island of Grenada following last week's military conp

As a result, Jamaica, which supports intercention, delayed plans to send 250 soldiers to join forces gather-ing in Barbados in preparation for a possible military response to events on the island if agreement is eventually achieved.

The build-up of soldiers from Barbados and Antigua follows increasing efforts to isolate Grenada's military junta, which took power after the army executed Mr Maurice Bishop, the Prime Minister, and several of his cabinet ministers.

In addition to Jamaica intervention was supported by Barbados and the Wind-ward Islands, It was rejected by the Bahamas, Belize, Guyana and Trinidad and

The Caricom leaders meet-ing in Trinidad over the weekend agreed, however, to cut off scheduled air and sea links until the junta gave an undertaking to return the country to civilian rule. The leaders said they would refrain from dealing with the revolutionary military council in Grenada headed by General Hudson Austin and instead use as their point of contact the Head of State, Governor General Paul

Meanwhile, Grenada's military leaders yesterday morning lifted partially a curfew imposed after the coup but reports from the island said there was very little activity on the streets and that this was mostly

Schools remained closed as were most stores and privately owned businesses. In government offices there was a high level of absenteeism, reports said.

Charter flights were going into Grenada today to evacuate foreigners, mainly tourists, who have been stranded there by the effects of the curfew and the han on scheduled flights.

Caribbean obligations are a useful lever, Robert Graham reports

Britain plays its Belize card

THE DESPATCH of the British destroyer HMS Antrim, accompanied by a support tanker, to stand off the troubled former colony of Grenada has high-lighted Britain's continued resi-

dual interest in the Caribbean. Although the decolorisation process is virtually complete, strong obligations remain in the area — nowhere more so than in Belize on the Central American continent with a strategic Caribbean coastline. Britain currently has a garrison of 1,600 troops and airmen in this former colony. It is not widely known that this is the largest permanent military presence of

an external military power in

Central America.

Four Harriers, helicopters and RAF support personnel plus army units are there by agreement with the Belize Government, staying on after this nation of 150,000 inhabitants gained independence in 1981. The commitment, at least in public, is an open-ended one, despite recent reports that the British Prime Minister, Mrs Margaret Thatcher, is anxious to margaret Instener, is anxious to pull them back soon, there is no evidence that policy has changed. Both the Belize Government and Britain recog-nise that the military presence is a potential embarrassment and has little long-term relerance for Britain's defence or diplomatic needs in the regions. The question all along has been only when it was appropriate to

withdraw. The principal reason for the presence of the British garrison is Guatemala's claim to a large is Guatemala's claim to a large should stay—or, at second best, chunk of Belize'o coast line. that they should be replaced Guatemala has never recognised by U.S. troops. The U.S. Adminisindependent Belize and from tration for its part, is reluctant deals with El Salvador while time to time has made war-like to contemplate a military one in Costa Rica handles

moves, such os mobilising forces presence in Belize and agrees on the border. British diplo- with Gustemala on the need for

on the border. British diplo-mats have little doubt that the British military presence has served as a deterrent. Although Britain has no relotions with Guatemala, only a representa-tive of British interests in the Swiss Embassy, the Guatemalan authorities have recently become more friendly, and a reasonablo working reletionship has been established with the right-wing military regime in

This stems from the fact that British troops have been actively co-operating with Guatemaia in potrolling the border and monitoring the Belize coastilno to prevent infiltration by left wing guerrillo movements and impede seaborne supplies of weopons from Cuba.

As guerrillo activity inside Guatemala continues, the authorities there have come to place considerable reliance British co-operation, Thus, far from exerting pressure on British forces to leave, the Guatemaians are keen that they Britain to say on.

So while the original reason for the British presence has faded the pressures from other interested parties for Britain to ctay on have grown. This has provoked suggestions that Mrs Thatcher has taken advantage of her leverage to ensure the U.S. holds back from significant rearming of Argentina. While any sort of "blackmail" is denied by British officials, the British undoubtedly have made tha point that Britain is doing the U.S. and its allies a favour in Central America and expects

recognition in the woy the U.S. behaves over Argentina and the Falklands, Behind all this is an unpublicised debate within the Government over Britain's policy towards Central America. The big military commitment in Bellze contrasts staricly with the paucity of British diplomatie representation in Central

Britain has no permanent representative in El Salvador or Nicaragus, the two principal areas of current tension. A

by the Foreign Office as unstatis-tactory, Britain relying very much on U.S. assessments and much on U.S. assessments and information on those two coun-ties. Of all members of the EEC Britain agrees most closely with U.S. Central American

An impection team from the Foreign Office recently toured the region and is understood to have favoured introducing a British diplomatic presence in both El Salvador and Nicaragua, with the latter a priority. A decision in early summer was reportedly shelved because of Mrs Thatcher's relactance to be associated with a gesture which the laft-wing Sandinista government might exploit as a sign of British friendship. It was then decided that if a more was to be made it had to coincide with the opening of an embassy in war torn Mi Salvador, Since then arguments over funds and budget restraint have stalled a decision. with the latter a priority. A

The potential destabilising effect of a British pullout from the region is implicitly recognised by other states there, 10 particular the Contadora group, which is trying to mediate in El Salvador and Nicaragua. This group, comprising Costs Ries, Mexico, Panama and Venezuela - has produced a peace formula calling for the withdrawal of all

calling for the withdrawal of all foreign troops and advisers from the region.

But it has made no mention of Britain and Belize, and the group's public statements eppear mainly atmed at the Cuban military advisers in Nicoragua, Americans and Argentines in Ronduras and Americans in El Salvador.

Chile seeks to ease IMF accord terms

BY MARY HELEN SPOONER IN SANTIAGO

TEAM from the International expected to discuss the issue team over whether to abandon Monetary Fund has errived in Santiago to examine Chile's request for further credit and an easing of the budgetary deficit restrictions contained in

The accord, signed earlier this year, provides for a maximum budget deficit of 2.3 per cent of Chile', gross national product. Chile is seeking to increase this limit to 5 or 6 per cent next year in order to stimulate economic growth through increased government

its IMF accord.

The IMF delegation is also

of Chile's three-tier exchange the free market models, followed rate. The official rate is hover- since the mid-1970's. A fortnight ing around 84 pesos to the U.S. ogo the Finance Minister, Sr dollar, while the legal parallel Carlos Caceres, who has come market rate is around 92 pesos under increasing eriticism. to the dollar and the central offered to resign but was re-bank rate for dollar debt repay appointed by General Pinochet. ment is 70. The IMF is thought to favour a unlifed exchange rate, or having the Chilean govcrament count the spread between the parallel market and the official rate as a subsidy.

The IMF visit occurs at a time of considerable discord within the regime's economic their resignations.

appointed by General Pinochet. Chile's budget director, Sr Martin Costabal, central bank vice-president Sr Daniel Tapia

and the assistant director of the stote Plonning Ministry and the president of Chile's securities and exchange superintendency are also reported to have offered

Uruguay groups step-up protest

URUGUAY'S opposition groups at the weekend expanded their campaign for changes in the military government's seconomic programme and an early return to democratic rule, writes our Foreign Staff.

In Montevileo, where over half of the country's 2.7m inhabitanta live - thousands of protesters took to the streets banging empty pots and chant-ing anti-government slogans after a symbolic half-hour hlack-out had left the bulk of the city's residential area in darkness. This was the third monthly "day of national protest" to be staged this year.

WORLD TRADE NEWS

Brazilian contractor seeks \$200m war damages from Iraq

BY ANDREW WHITLEY IN SALVADOR, BRAZIL

MENDES JUNIOR, tha leading Mendes Junior was compelled Brazilian international controctor, has submitted a claim for the import of cement, railway \$200m (£133m) in war damages to the Iraqi Government. to the Iraqi Government.

The company said the claim was in respect of additional costs it had incurred while building a \$1.2bn railway line in Northern Iraq, as o result of the three-year war with Iran. the three-year war with Iran.

Sr Murillo Valle Mendes, president of Mendes Junior

Construtora Mendes Junior. International, hegan talks with the parent company, has cere-the Iraql anthorities in Baghdad this weekend. The Brazilian stage of a \$400m oll platform contractor is a strong favourite destined for the Pampo oil field

contractor is a strong favourite to win another major railway contract in Iraq, worth \$2,6bn, in a joint venture with Hyundai of South Korea.

However, company officials said here they felt the project, to build a double-track line between Baghdad and Basra, Iraq'o main commercial port at the head of the Gulf, was unlikely to go aheod until the war ends. Basra has been out of action since 1980, when it was heavily bombed by Iranian war planes.

When the war broke out, destined for the Pampo oil field in Brazil's Campos basin

The 11,800-tonne steel pocket is the last in a series of seven ordered by Petrobras, the Brazilian state oil company.

Work on the deck and modules to be placed on top of the \$140m jacket will be finished by the end of the yeor. Foreign orders are being sought in West Africa, Angolo and Argentina, and the company hopes to win at least one of the two platform contracts Petrobras is expected to let in

planes. Petro When the war broke out, 1984.

250-model buses worth \$10m

chosen as general contractor for

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foreign trade company has been meters.

Saudi Arabia.

Hungary wins \$10m bus

HUNGARY'S MOGURT foreign the construction of a 130-km, 33

trade company and the Ikarus kilovolt power-line in tha United hus company have signed a contract with Kuwait Transport Brazilian and Japanese company to deliver 120 airconditioned long-distance Ikarus contractors.

(£6.6m).

The buses are to be used for has won a contract to supply

Kuwait's services to Iraq and Brazil's Componhia Auxiliar das

The Hungarian Transelektro with 100,000 household electric

contract from Kuwait

Japanese

Corporation and Marubeni Corporation have been offered the entire 40 per cent foreign equity planned for Thailand's liquefied natural gas (LNG) export project, Mr Sivavong Changkasiri, head of Thailand's Mineral Resources Department, said yesterday, Reuter reports from Rangkask. Reuter reports from Bangkok-

of Thailand.

Exports committee

Japan's International Trada and Industry Ministry has set np a committee to monitor experts of Japanese goods, Reuter reports from Tokyo. It is part of the Government's economic package, announced last Friday, to stitutulate the

Japanese car exports to the U.S. for 1984 when he arrives later this month, Reuter reports from Tokyo. But Trade and Industry Ministry officials said Japan cannot agree to a U.S. request for a ceiling of 1.8m cars.

The meters are said to be of a

new, more accurate design which uses less energy. The contract is worth approximately Ganz's sbip and crone works are to deliver a 700 bp tug boot and two launches to Syria worth some \$1.5m. The Hun-

garion foreign trade compony Chemolimpex has signed a con-tract with a Turkish firm to deliver 30,000 tonnes of nitrogen fertiliser worth nearly

Ganz company'e electric meter

Empresas Electricas Brasilieras

Thais offer 40% stake in LNG scheme

JAPAN'S Mitsubishi Corpora-tion and a consortium of Mitsui and Co., Sumitomo Corporation and Marubeni

The offer was made during a meeting between the Japanese companies and the Thai LNG Company, a wholly-owned Thai company appointed by the Government to handle, the production and expert of LNG from the Cult export of LNG from the Gulf

The Thai company, which will hold 60 per cent of the equity in the \$3bn project, is 25 per cent government owned. Thailand expects to start exporting LNG by 1990.

domestic economy and reduce the trade surplus, expected to rise to about \$30bn in the year ending next March.

New cars 'ceiling'

Japan will tell Mr William Brock, U.S. trade representa-tive, the new ceiling on

EEC reaction

European Community officials said yesterday that the effects of Japan's latest economie measures on cutting Tokyo's trade deficit with the EEC will be less than the \$200m originally estimated, AP reports from Brussels.

EEC officials gave the \$200m figure as an initial reaction to Tokyo's latest economie package, which in-elndes plans to lower import tariffs on more than 40 items. Airlines battle to clear the doldrums

BIRS INDIRA GANDHI, the

Indian Prime Minister, called

for a concerted campaign to

THE WORLD'S airline industry charges) at a time of declining. leaders are meeting in New or at best stagmant, traffic.

Delhi this week omid signs of The result of what Mr Knut an improvement in their finan- Hammarskjold, director-general cial fortunes, but they are of the lata, calls "rigorous deeply aware that they still have cost discipline" can be seen in a long way to go before they the in are out of tha recession that results.

has hit them hard since 1979. To the end of this year, the cumulative losses of the 124-member airlines of the Interments on fleat and other reequipment programmes, will amount to about \$1.2bn, with further losses forecast of \$750m in 1984 and \$250m in 1985.

Severe cost-cutting exercises, which have reduced otaffs, replaced managements, cut routes, reduced aircraft fleets and eliminated nuwanted assets such as hotels and even office buildings, have meant that most of the airlines have managed to survive, and are now much leaner and tougher than they

Airlines that have come through this exercise include through this exercise include
Air-Indla British Airways, El Al
of Israel and Pan American, to
name only a few. Virtually
every airline in the world has
been obliged to trim itself to
meet the financial problems
generated by soaring costs (particularly fuel and interest

charges jumped to \$950m a year
in. 1980, and since then have
climbed to an estimated \$1.7bn
this year, with further rises to
\$1.85bn forecast for next year
and to \$1.9bn in 1985.
The effect has been that the
direct savings arising from the
"rigorous cost discipline"

the industry's overall cash

These show that after severe losses on direct operating account (that is, before Interest national Air Transport Association (Iata) will have amounted to about \$7.1bn on total revenues of \$38.35bn, is (f4.6bn). This year's overall loss, after meeting interest payprofit of SL1bn, and further to \$1.65bn in 1985. What is really keeping the

airlines in severe financial difficulties, however, is the rising volume of interest pay-ments on fleet re-equipment. These interest debts began to soar in the late 1970s, as the airlinea began to order "new-generation" equipment, such as Boeing 767s, 757s and European A-300 and A-310 Airbuses, which are only now coming into

From about \$500m o year in the late 1970s, these interest charges jumped to \$950m a year in 1980, and since then have

Reuter reports from New Delhi. "The sky must be secure from hrigandism," she said. "International passen-gers should not be made the undertaken already has been swallowed np in a rising tide of interest charges.

Having, in many cases, already cnt their staffs and operations back so severely that there is now little room for further cuts to help meet the interest burden, the airlines are hoving to look ot other measures to help them out of their financial dilemma.

down on re-equipment pro-grammes, Many airlines have either cancelled or delayed in-vestment in new jet airliners

This has forced the major

craft level.

make flying safe for civilian passengers when she opened mention of last menth's shooting-down of a South Korean the lata conference yesterday,

One mova has been to slow

vestment in new jet airliners worth over \$1.10n.

Last year's total of new jets ordered—233 aircraft worth about \$5.35hn—was well down on the previous year's figure of 332, and the figure for 1983 is likely to be below the 150 aircraft lovel.

and to \$1.9bn in 1985.

The effect has been that the direct savings arising from the direct savings arising from the "rigorous cost discipline" the hattle for orders in the manufacturers to alow down mum annual profit of not less than 7.5 per cent of revenues —and the airlines are nowhere near that situation.

airliner with the loss of 269 lives, by a Soviet fighter, but delegates are expected to discuss the disaster as well as the strengthening of anti-hijack-ing measures.

world market, especially between the big three— Boeing, Airbus Industrie and McDonnell Douglas. The airlines desperately need

an improvement in traffic, bringing bigger revenue yields and some profits, before they can reasonably feel that they are out of the financial mire. Mr Hammarskjold hos sald that during the 1980s, the new capital requirements of the airlines for fleet re-equipment is at least \$500m, and this could

double to \$100bn if traffic starts to increase, generating a new demand for more oircraft. To meet that kind of capital requirement, on top of being able to meet the continued interest charges on existing

loans, will require, according to Mr Hammarskield, a mini-

To achieve it, they need to do several things. First, to con-tinue their stringent cost-cutting exercises wherever victims of any type of politi-cal or military design." Mrs Gandhi made no direct they can.

secondly, lo eliminate the big losses they incur from such things as "discounting"—selling tickets worldwide at less than their true value (which costs them over \$1bn a year in lost revenues).

Third, they must try to encourage foreign governments to release "blocked earnings"—money legitimately earned from the sale of tickets in overseas countries (especially

overseas countries (especially in Africa) which the governments of those countries refuse to allow them to repatriate to the airlines' home countries.

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ANTE

ate to the airlines home countries. This costs the airlines about \$1bn a year.
Finally, they must increase fares. Despite consumerist and government pressures for cheaper fares, the widespread belief in the airline industry in the six to be a little airline industry. is that air travel, in reel terms, is now one of the best bargains in the world, and that some rises in fares are not only desirable, but justified. The airlines recognise that they face a tough task in convincing the public, and governments, of this fact, but they also know that unless they can achieve that result, their finances will remain in the doldrums for a long time to come.

EEC to protest at U.S. steel-plate investigation

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission the U.S. ond the EEC controlwill shortly have talks with the ling sales of EEC carbon steel, U.S. Government to protest about an anti-dumping investigation of West German and Belgian bot rolled carbon steel.

This agreement has led to a 36.7 per cent fall in EEC sales on the U.S. market. The EEC rejects the idea that the EEC rejects the least that the same period of 1982.

J.S. steel industries. The investigation was prompted by a petition from Gilmore Steel. Department of Commerce officiols in Washington noted that the investigation and the Department of Commission and the Department of Co

Its steel sales ore causing injury to the U.S. industry.

At first sight, the Commission move oppeors to signal new tensions between the EEC ond tensions the tensions to the tension of the tensions of the tension imagine

Commission acts against Asian watchmakers BRUSSELS - The European

Europe, and opened proceedings that could cut the flow. A commission report said imports of quartz watches, mostly from Hong Kong, but also from Japan, Taiwan, Macao and South Korea, have reached auch a level "that there is a grove danger to European

producers.' France has been the hardest hit, the Commission said. Producers and governments on both sides will have 30 days to respond, and if the Commission

upholds its findings, duties or quotas could be imposed.

According to initial evidence, ton noted that the investigation and the Department of Comission demanded by law, provided merce.

If the ITS finds no evidence of injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission of injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury, then the Department of Commission claimed that elections on injury claimed that elections on injur

Imported quartz watches, which controlled 63.4 per cent of the total watch market in Community yesterday occused Asian watchmakers of pouring of the total watch market in their electronic products into 1980, had jumped to a 79.2 per eent market share in 1982 the report auded. In another move, the com-

mission outhorized France. Ireland, Britain and Italy to impose restrictions on various products found to have been dumped on their markets. France was permitted to

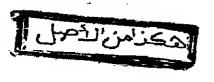
restrict importe of some hand-kerchlefs from China and some electronie equipment from Japan, Hong Kong, Taiwan and South Korea,

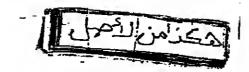
South Korea to Ireland, some Italy, and some textilos from U.S. warns Taiwan on counterfeiting

TAPEI—A U.S. Congressional mission investigating commercial counferfeiting has told Taiwan that any trademark infringement could affect its status in the U.S. Generalised System of Preferences (GSP), U.S. trade officials said. Congress will consider new legislation for the GSP early next year.

Economic Ministry officials have expressed concern that Taiwan might lose its developing nation status in the GSP, which benefits 20 per cent of its exports to the U.S. cach year. Taiwan's trade with the U.S. smounted to \$13.25a last year.

Counterfeit goods ranging from computers to jeans are on sale openly in Talwan and this has drawn strong complaints from U.S. campanies.





No one has made this statement before.

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N. Sea producers agree new pricing structure

BRITISH NATIONAL Oil Corporation (BNOC) has now won full in-dustry backing - including, belated-Field oil is being raised from \$29.75 dustry backing - including, belatedly. British Petroleum acceptance for a new package of North Sea oil

BNOC's pricing recommendation, based on a retained reference rate of \$30 a barrel, has now been made effective for the three months up to the end of the year. A minor technical matter has still to be resolved with one North Sea company, but it is thought that this will not affect the overall pricing agreement.

British Petroleum was one of the last of the important producers to accept the recommendations. It had delayed acceptance partly because it was uneasy about the proposed changes of price differentials of various crudes, but also because it wanted to see how spot market oil could remain stable until at least

THE GOVERNMENT is expected to

Under the new agreement, for exto \$29.90 a barrel to bring the rate more in line with the \$30 a barrel charged for similar Brent crude.

New prices (with previous prices in brackets) are: Brent \$30 (\$30); Forties \$29.90 (\$29.75); Ninian \$29.50 (\$29.35); Flotta blend \$29.30 (\$29.30); Beatrice \$29.30 (\$29); Argyll \$29.70 (\$29.45); Auk \$29.30 (\$29.05); Beryl \$30.25 (\$30); Brent spar \$30.30 (\$30.05); Buehan \$29 (\$28.50); Fulmar \$30.35 (\$30); Montrose \$30.35 (\$30.10); Statiford \$30.40 (\$30).

It is estimated that the adjustment in price differentials will raise the average price of North Sea crude by about 0.5 per cent. But there were important signs yesterday that the international price of

Ministers of two leading members of the Organisation of Petroleum Exporting Countries (Opec), Venezuela and Kuwait, were quoted as feeling that the Opec reference price of \$29 a barrel should be maintained until 1985.

The views, quoted by official sources, were attributed to Sr Jose Ignacio Moreno Leon, Venezuelan Energy Minister, and Sheik Ali Al-Khalifa Al-Sabah, the Kuwait Oil Minister, who have been meeting in Saudi Arabia.

They are said to have discussed the world oil market and ways of strengthening Opec's position. Sr Leon is on a tour of Arab oil exportring nations before a meeting of the Opec market monitoring committee session in Vienna on Thursday. Sr Leon said Opec's long-term strategy committee would meet in mid-November

ment has entrusted them to a new-fields and 20 exploration blocks. ly-formed company, Enterprise Oil, The fields are Beryl, Hutton, North-run from the office of Kleinwort, West Hutton, Fulmar and Mont-

confirm today that it is to sell by a share offer the offshore oil interests of the state-owned British Gas Cor-Benson, the merchant bank. The corporation has already been

Sale of Enterprise Oil through a to a sizeable new UK oil company at some £400m - and the Governwith interests in five comm

Share flotation details likely today

public share flotation will turn it in-to a sizeable new UK oil company £1.25bn from sales of state-owned assets in the present fiscal year.

Ricoh plans to bring Harland in production to UK

RICOH, one of the leading Japanese photocopier magnifacturers, is to set up production in Tellord in lour televisions, including Sony, the West Midlands. It is the first which also makes television tubes. Japanese company to announce plans to make office equipment in

The initial investment is C5m, which will create 100 jobs by early 1985. Ricoh expects to increase the

Ricoh produces more copiers higher revenues. Ricoh copiers are the chemical which is used to form sold in Europe by Nashua of the the image on a photocopy. The fac-U.S. and Kalle Infotech, part of tory will supply the replacement. Hoechst, and in the U.S. by Savin. drums and toner to other European Since 1981 Ricoh has begun to countries. sell copiers in Europe and the U.S.

under its own name. the UK rather than West Germany sen mainly because of the language, as many more people in the company ford because it is in the heart of in-

trade friction' problem.

"Britain has twice as much Japanese investment, in monetary so be able to assist the economy terms, than any other European and provide additional job opports

the UK is in the production of co-Toshiba, Matsushita, Mitsubishi, Sanyo, and Hitachi with GEC. JVC. Sanyo and Mitsubishi assemble recorders and Aiwa makes hi-

The largest single investment by investment to £15m or more within a Japanese electronics company is three years and the number of jobs a £40m plant built by the Nippon Electric Con

The new Ricoh plant will begin than any other company, including by manufacturing the photoconduc-Xerox, which has, however, much tor drums and bottles of dry toner,

president of Ricoh, said the UK fac Ricoh chose to manufacture in tory could eventually be used to asemble copiers. Mr Hamada said: "We chose Tel-

peak English. dustrial England and offers excel-Mr Norman Lamont, Industry lent communications. We hope our Minister, said yesterday: "Japanese investment will help bring Ricoh investment in Britain has many at-more closely into the community in tractions – technology, good man-agement, import substitution and ing able to provide an increasing number of jobs as our success continues to grow.

"Our local procurement should al-

pact with Japanese shipbuilder

HARLAND AND WOLLYF, the state-owned Belfast ship and, is to announce a co-operation agreement with a major .Japazese shipbuilder.

The company said yesterday it was signing "a unique against ment" but the details would at of be revealed until next week. The only indication of the contents of the agreement was a bint that it could involve the sharing of technological innovation in

ship construction.

Harland and Wolff is engaged in a major restructuring and the introduction of new technology, including computer-aided design and computer-aided manufac-turing techniques.

Its losses for the year to March 31, 1983 - which will be announced next month - are likely to amount to about £40m com-pared with £28m for the previous 15-month period. The figures will reflect the cost of the restructuring including redundancy pay-

Harland and Wolff has been under instructions from the Government to reduce its depen-

Government cuts financial targets for British Rail

BY KEVIN BROWN

Mr Nicholas Ridley, Transport Secretary, said yesterday that British Rail would be required to cut its reliance on public service operating (PSO) grants from the Government to £635m by 1986, two years earlier than planned. The PSO grant for 1983 would be £819m compared with £862m in 1982 and £852m in

Mr Robert Hughes, Labour's transport spokesman, told the House of Commons that BR was being forced to cut its investment programme "to live with the harsh ecoomic climate this Government has cz ested." The new targets offered wet a climmer of encouragement to those who seek a decent service."

He was told by Mr Ridley: "The objectives I have set make plain that it is not our intention that the board should embark on a programme of major route closur This puts paid to the scare stories about the network about which we heard so much following the publi-

BRITISH RAIL'S financial targets in which the requirements were set are being cut by the Government. Out, was a document of hope for those who travel on the railways and those who work on the rail-

> The Government would continue to support worthwhile investment proposed by British Rail "clearly related to the objectives we have set

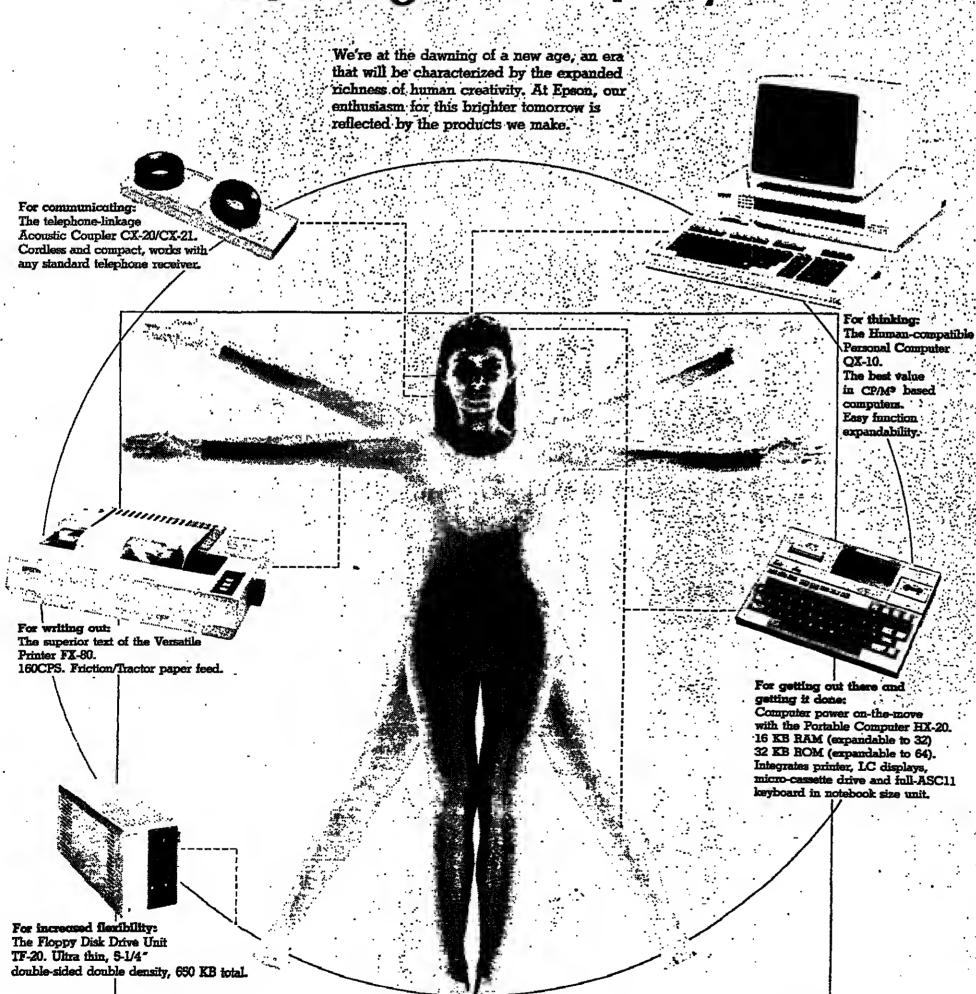
The heard is to be required how-ever, to press ahead with privatis-ing British Rail Engineering and the Sealink ferry service, as well as seeking greater private sector particination in the rail network.

Mr Hughes said there was no mention in the statement of investment plans for electrification which has been shuttlecocked backwards and forwards between your department and British Rail." Withdrawal of grants could be ac-commodated only by cuts in ser-vices, line closures, fare rises and accelerated job losses, be claimed

Mr Ridley said: "The greatest er-ror of all is to fall into the trap that the more money you throw at the railway the better railway you have. I suspect that the opposite is

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cation of the Serpell Report" (on the future of the rail system). Mr Ridley said his letter to Mr Bob Reid, chairman of British Rail, the truth." Court ruling freezes

by raymond hughes, law courts correspondent

embassy's accounts

that unpaid debts incurred by a for- celled by a High Court judge. eign government could be seized

from embassy funds. The court held that garnishee orders nisi could be made on the Co- result of the Appeal Court ruling. lombian embassy's accounts at First National Bank of Boston and Parliament might not have in-Barclays Bank to satisfy a Judg-tended when it passed the 1978 ment obtained against Colombia by State Immunity Act which lays

a UK company. A garnishee order nisi allows a from a debtor's bank account - sub- the UK. ject to the debtor having an oppor-tunity to challenge the order in

The Colombian Government was

BANK ACCOUNTS held in London said it supplied to the embassy unby the Colombian Government der contract. When the debt was not were effectively frozen yesterday paid it obtained the garnishee or when the Court of Appeal decided ders which were subsequently can-

Sir John Donaldson, Master o the Rolls, said the embassy's work might be brought to a standstill as a He said this was something that

down that foreign governments are not immune from legal claims in recreditor to obtain payment direct spect of commercial transactions in

But the court's understanding of the Act was that bank accounts could be used to satisfy judgments. The Colombian Government was sued by Alcom, which claimed given leave to appeal to the House £41,590 for security equipment it of Lords,

Bunge buys Bibby unit

BY CARLA RAPOPORT

based in Liverpool in the north-east

Bunge & Co, the UK arm of the nternational trader, intends to modernise and expand the Bibby operation in order to make it more

BUNGE, one of the world's largest competitive with major internationgrain merchants, is making a major al companies in the edible oil busimove into the European edible oil ness. It is understood that Bunge is market with the £14m purchase of likely to spend close to £20m on up-

> "We're talking about creating jobs, not axing them," said Mr Alan Elwig, a director of Bunge in Loudon yesterday. Bunge's UK sales last year were close to £1.3bn.

who is in New Delhi for the annual

meeting of the International Air

BCal 'back in profit'

BRITISH CALEDONIAN Airways (BCal) expects to be back in profit this year after a record summer in which traffic on some routes improved by 21 per cent. Last year the airline lost £650,000.

Transport Association (late), said

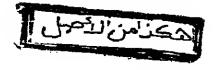
Caledonian Aviation Group, the parent company, was also likely to be in profit for the year to October Sir Adam Thomson, chairman.

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to perfection, rather than burdening it with superfluities.

The engine now has BMWs second generation of electronic engine management, when most other cars haven't yet reached their first.

It now runs on such a lean mixture of petrol and air that it uses up to 25% less fuel than its more traditional rivals.

Such frugality owes not a little to the optional automatic gearbox. Its actually more economical than the equivalent five speed manual gearbox.

Its straight six engine is also a paragon of smooth efficiency, surging our car as quickly to 60 mph as others relying on twice as many cylinders.

Its deceleration is equally impressive: with ABS anti-lock braking, it can stop up to 40% faster.

Taken together, such virtues create a vehicle designed to be driven rather than

merely be passively steered.

"BMWs power steering is among the very best" added Motor, who seem to share our view that power steering has become

a synonym for sloppy unresponsiveness.
For all this, the 7 Series still has all the best points of the traditional luxury car: from a mirror-like paint finish to an interior equipped in a manner which owes nothing

to Sparta. But Persius was right. Ask your nearest BMW dealer to bring a 7 Series right to your doorstep.

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An urgent search for cash

Raymond Snoddy considers the problems of an innovative business seeking to expand

STEWART HUGHES, a small high technnlogy Southampton company employing fewer than 30 people believes it has a world lead in the application of computers to the problems of diagnosing the health of complex machines.

If all goes well it hopes that a portable diagnostic system could be in widespread use in the Navy within three or four years. It should allow the mechanical health of helicopters — particularly rotors and trans-— particularly rotors and transmission systems — to be checked quickly and avoid the need to strip the machines down at predetermined intervals. This could increase flying time — something that would have been very useful during the Falklands war.

Stewart Hughes is trying to eliminate the need for head scratching in diagnosis and provide logic within the computer itself that will effectively recognise solutions and give answers immediately. The company will probably have a five year lead," says Dr Ralph Collacott, founder and director of the Institute of Diagnostic

But Stewart Hughes has also diagnosed another serious problem—one much closer to home and one which the sophisticated rules it writes into the software can do nothing to cure. It is a problem faced eventually hy most small companies. How can innovative and promising research be turned into products which can be produced and marketed on a large scale, and wbere is the money to come from to finance the process.

Ken Pipe, the company's marketing director, has no illusions. "We are in a five year our major competitors to react." established in the time it takes

and Vibration Research by and Vibration Research by Ronald Stewart, an engineer who once worked for Rolls Royce, and Tony Hughes, a microelectronics specialist. Their greatest strength, they believe, is their combination of engineering and computer skills.

The achievements so far have world market for mechanical health monitoring.

Its main strategy to cope with future expansion is to set up a separate company—the Expert Instrument Company—the Expert Instrument Company—to produce and market MSDA. The bope is that this will enable Stewart Hughes to "market for mechanical transfer for mechanical transfer for mechanical market for mechanical transfer for mechanical transfer for mechanical transfer for mechanical transfer for mechanical market for mechanical transfer for mechanical market for mechanical transfer for mechanical transfer for mechanical transfer for mechanical transfer for mechanical market for mechanical transfer for m

The achievements so far have been real. Apart from the objectives."



(L to r) Tony Hughes, Ron Stewart and Ken Piper diagnosing others'

always looking for more funds

to speed expansion. Last week for instance Pipe was in Brussels to raise pressing ques-tions at the European Commis-

sion on the financial help

available for small innovative companies. He wanted to know

available for small- and medium-

sized enterprises from the proposed Basic Technology Research programme—designed

to encourage innovation in traditional industries.

progress of Stewart Hughes' proposal for inclusion in the Esprit programme, which is

seeking to encourage collobora-tion for advanced projects in

the European electronics indus-

Although there is no sign of

from the Alvey directorate in the UK which is trying to stimulate the technology

needed to create a new genera-

tion of more "intelligent" computers, Pipe believes the money be needs can be raised.

He bopes to get around £300,000 from retained profits and a

company restructuring, and a further £300,000 from a planned

joint venture with an American

advanced with a U.S. East Coast

company in the aeronautics

"We will give them access

Talks are well

partner.

industry.

He also wanted to check the

MSDA (mechanical systems Stewart Hughes need £750,000 diagnostic analyser) are at work in such places as GEC, a CECB power station and Westland belicopters.

And recently the company was able to save the elastomers division of Esso chemicals at Fawley a considerable amoun of money and prove an impor-

A gearbox started giving off a knocking noise and manage-ment began to draw up contingency plans to shut the plant down, four months ahead of the next scheduled downtime. Stewart Huges was able to demonstrate that the problem was not immediately catastrophic and that the plant could keep going—avolding a major loss of production.

Their nffices in the Chilworth Centre for Advanced Technology includes the room where Eisenhower planned the D-Day three years ago as a commercial spin-off from Southampton University's Institute of County of the U.S. which probably accounts for the U.S. which the U.S. which probably accounts for the U.S. which probably accounts for the U.S. which the U.S. world market for mechanical

own business and technological

Royal Navy, pre-production Yet none of this is possible to technology; they will give us financial models of the main product without finance. At the moment access to the American market," he says.

Ken Pipe says optimistically. The balance will be raised from private venture funds or from employees.

The Government, he believes, should do more to stimulate new markets for technology by buying mnre of the technology

The fact that Stewart Hughes is planning a major expansion at all is largely possible through worth of orders from the public sector. Research and develop-ment grants, by comparison, have totalled £30,000.

Ken Pipe would like to see an expansion of two schemes which Stewart Hughes believes are more useful to small innovative companies than straight research grants.

One is the Pre-Production Order scheme where the Cov-erament pays the cost of instal-ling new equipment with a customer for a trial period. If the user wants to keep it it can he bought from the Department of Trade and Industry on depreciated terms. If it is not wanted the original manufac turer must pay.

The scheme got Stewart Hughes into three important

The other --- the Market Entry Guarantee scheme - the company hopes to use to break into international markets. It provides 50 per cent of the costs of setting up or expanding international marketing operations and the money is paid back as a proportion of earnings.

Even now that Stewart Hughes is poised on the edge of what bas to be its break through, Ken Pipe believes there is still only an evens chance of achieving its objectives. "But at least the chances of going bust are now very very remote," be says.

It is a caution shared by Dr David Holt, director of research and engineering at Westland who has been watching the progress of the company.

He believes Stewart Hughes is on the right lines to achieve a major goal of the helicopter industry—being able to "repair on condition" rather than after predetermined number of flying hours. "Whether it can sustain it both technically and financially is the real question," SMALL business proprietors are mostly aware of the need for some form of basic insurance— but they seldom appreciate the extent to which cover is sometimes required.

This is the view of the British Insurance Brokers Association (Biba) which yesterday launched Small Firms Insurance Week in an effort to get its message across. The campaign is explained in a new leafler issued by the Association and will be backed up in the regions by local BIBA members.

The moment a businessman employs another person he is legally required to provide employers' liability cover. This may be the moment to call in a hroker, who will also be able to advise on other insurances. Property, equipment and stock, for example, should be covered against the basic risks of damage hy fire, flood, burst pipes and theft.

Property insurance is straightforward when the business oper-ates from normal standard premises. But particularly these days many new husinesses start up in converted buildings which in other circumstances might have been pulled down many years ago. The potential prob-

lems are most acute when the

with new machinery. Many businessmen also need

owners of leased property.

A good time to run for cover...

Eric Short on Small Firms Insurance Week

Cordon Hayman of Hayman, to be convinced of the need to Jackson Insurance Brokers. wblch operates in West Surrey and East Hampshire, admits that insuring old buildings can be difficult. But he says he can always place the insurance at a price. The "multiple risk" where there are several tenants,
—is a problem if he is acting for the window and so on.

It used to be standard practice to assume that full recovery just one or two of the occu-pants. He often finds himself arranging insurance for the

Many businesses, meanwhile, start with second-hand machinery, obtained cheaply. Often the broker has to con-vince the businessman that it is unwise to assume that damaged equipment can be replaced second-hand. If possible the in-surance cover should he based on the cost of full replacement

insure against trading losses resulting from fire, flood, theft, water damage and other perils. During the time taken to restore the business to full working order, customers are lost and have to he wood back, expansion schedules go out of,

from disaster took e year, and that loss of profits should he covered over this period. But Ron Woodward of Pharos Insur-ance Brokers in East Kent considers that getting back to nor-mal can often take two years. Many insurance companies in

recent years have produced a series of off-the-peg package insurance contracts designed to meet the needs of specific types of small business, such as shops, offices and so on. Both Hayman

mostly give value for money, and are better than trying to put e series of policies together. It is vital, however, to ensure that the package suits the needs of this business, something a good linearing, broker, will be

good inturance meker win be able by such a Spokers (can usually offer their chients more than just in-surance cover and businessmen should seek advice on ways to reduce risks and avoid disruption.

Brokers may, for example, remind clients to keep duplicate computer tape records and remove them each night from the building. After all, insurance brokers are after small businessmen themselves and well aware of many of the problems of their clients. of their clients.

Small businesses can expand quickly and many brokers like to review their clients' needs at least once a year or every six months in the case of newer businesses. It should be rebusinesses. It should be re-membered that brokers live off commission and proprietors should beware of those which encourage unnecessarily exten-

tive cover.
The leaflet issued by BIBA provides a checklist and can be obtained from the Consumer Reobtained from the Consumer Re-lations Department, British Insurance Brokers Association, Fountain House, 130 Fenchurch Street, London ECSM 5DJ.

In brief...

occupants

MORE than £400m has now been committed to small businesses by the 30 hanks and other financial institutions using the British Government's Loan British Government's Loan Guarantee Scheme, But the latest figures show some signifi-cant differences in the take-up by major lenders.

Under the scheme which was one of the last Tory Govern one of the last Tory Government's most controversial measures to belp small firms, the Department of Trade and Industry guarantees the repayment of 80 per cent of medium term loans made by approved banks to eligible businesses.

National Westminster Bank, which has more branches than

which bas more branches than its major high street rivals, says it has committed more than £100m under the scheme to over 3,000 businesses, Noel Dearing, manager of NatWest'a small business section, says that half of them were in manufacturing, 60 per cent were new ventures, and that an estimated 12,000 new jobs bave been created.

Other banks participating in the scheme, however, report substantially lower individual totals. Barclays says that it has committed approaching £50m to about 1,500 businesses, Midland has made loans of £60m to 2,000 companies,

Lloyds (up to the end of August) had also committed nearly £60m to more than 1,800 business borrowers. ICFC, part of Investors in Industry (III), of Investors in Industry (III), has lent £19.6m to 446 businesses under the scheme.

"We have not been actively promoting the scheme in view of the criticism that the banks have been hiding behind the Loan Guarantee Scheme," a Barclays spokesman explains.

"We have have the tables were

"We bave been taking more risks under our own lending schemes and only using the Government's where it is appropriate and where we feel it was meant to be applied,"

Ministers will have to decide this winter if the current "pllot" scheme, introduced in June 1981, is to be made permanent when the £600m which has so far been made available runs out in the middle of next year, A major analysis of companies which have received support as a result of

the measure was recently commissioned by the Department
of Trade and Industry.
Concern was voiced earlier
this year that banks were not
seeking sufficient personal commitment from borrowers,
although one of the key features
of the scheme is they reasonal of the scheme is that personal security is not required.

The Treasury is also anxious

reported to be failing under the Scheme. The 3 per cent premium which borrowers have to pay is by no means sufficient to meet the cost of honouring guarantees. An earlier independent report suggested that the failure rate could ultimately be one in five but some observers feel that given the difficult economic environment in which most started life, even this could be optimistic. •

CONFERENCES and seminars on venture capital are two a penny these days. But the "Ventura Capital Financial Forum." due to be staged by the Financial Times and the British Venture Capital Association in London on December 1 and 2 represents a fresh approach. The aim is to intro-duce about 20 leading venture capital-backed UK companies and their executives to fund managers from financial institutions and other organisations interested in this type of financing. Many of the companies will be raising additional

gates in individual meeting rooms later in the day. Enquiries to FT Conference Organisation, Minster House, Arthur Street, London EC4R 9AX, Tel: 01-621 1355.

FOUNTAIN Development Capital Fund, which is managed by Hill Sammel on behalf of the Airways Pension Fund, British Rail Pension Fund and Refuge Assurance, has injected £300,000 of equity for a 10 per cent stake in NFI Electronics of the Isle of Wight. NFI which mannfactures touch panels and mem-brane switches for industry and hopes to double both production capasity and its existing staff of 110 over the next three yearswas the third prize winner in Hill Samuel's Awards for the panies in 1982. NFI plans a USM listing in 1985.

CO-OPERATIVES in London now number 153, compared with 67 in 1980, according to the Industrial Common Ownership Movement (ICOM). A list of their products and services is

Tim Dickson

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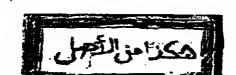
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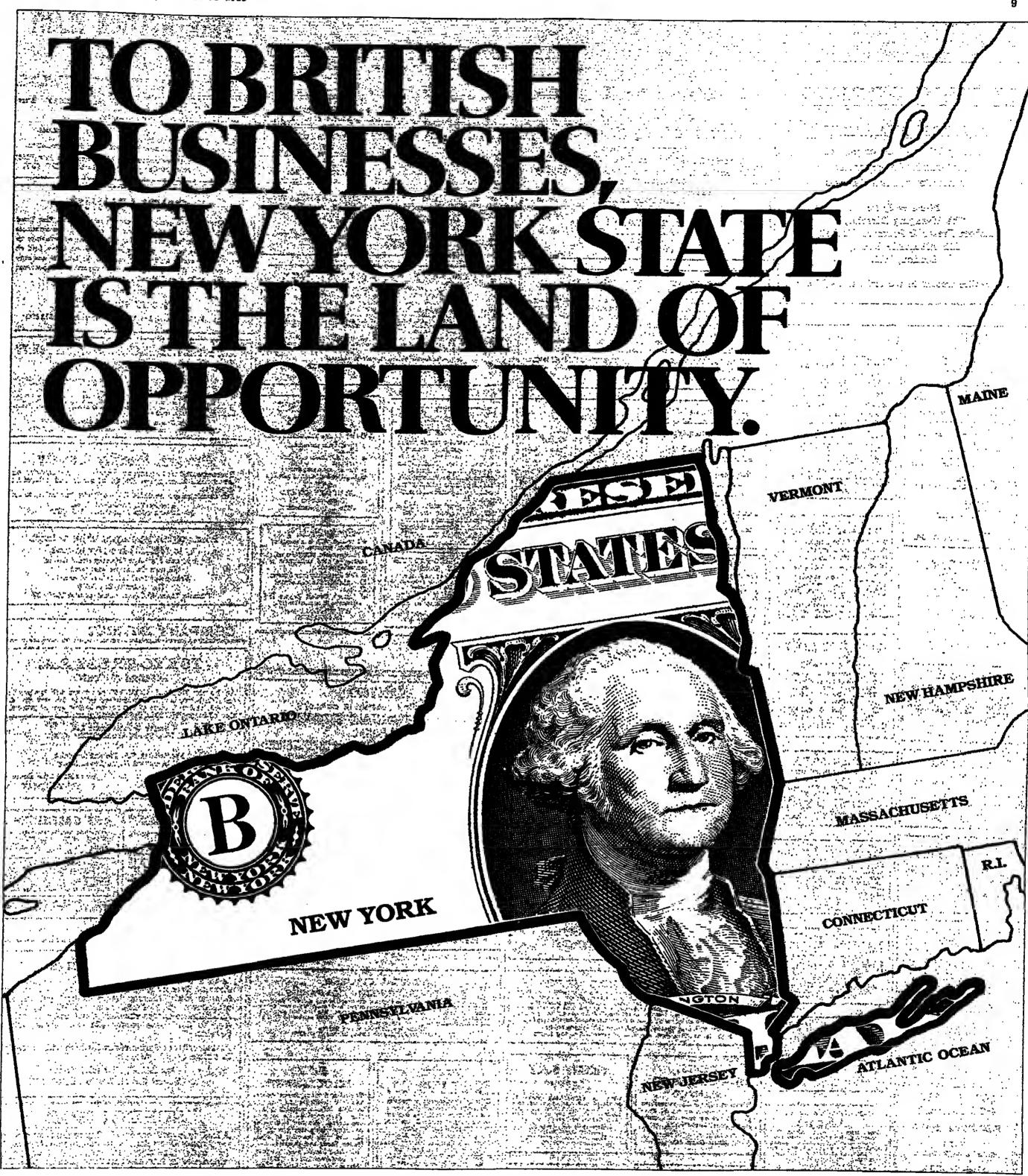
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THE REPORT

公海斯斯斯

Juno and the Paycock/Glasgow

Martin Hoyle

The paradox of John Casey, born to a staunchly Protestant loyalist middle-class family, ending his life a sceptical Marxist, aelf-exiled in England, lies in his eternal identification with tenement Dubliners agonising through the birth-pangs of the republic.

the republic.

The paradox of Giles Havergal, lively and unpredictable, is that on this showing at least, he wants to direct opera. Or film. Or TV. But not, it seems, Sean O'Casey's Juno and the Paycock et the Citizens Theatre.

o'Casey's Juno and the Paycock et the Citizens Theatre.

'Taking his cue from the Troontore duet sung by mother and daughter at the party to celebrate the illusory windfall, Mr Havergal underlines the ominous with sinister music, an occasional melodramatically darkening stage, and the ghost of the betrayed republican soldler (in a red spotlight, to tremolo strings), more like Verdi's Banquo than Shake-

of the betrayed republican soldier (in a red spotlight, to tremolo strings), more like Verdi's Banquo than Shake-speare's.

The signs of a robust Grosz-cum-expressionist approach, intended to undercut the naturalism that O'Casey can turn sentimental, are immediately apparent in Kenny diler's set. The Boyles' flat is flanked by piles of dingy kitchen chairs, jumbled in confusion along the floor, like a barbedwire demarcation of domestic territory. A pile of crates does duty for the kitchen sink.

The back of the stage reveals

duty for the kitchen sink.

The back of the stage reveals towering mass of foreboding black palings arranged in tiers on which neighbours pass, soldiers prowl, and the trench-coated irregulars keep tabs on Johnny, the suspected traitor. These walkways exercise e curious alienating effect on entrances and exijs: characters must senttle along one level into the wings only to re-enter on

Webster's tragedy is full of Beames

sinister moments like the na-veiling of the Duchess's apparently murdered family, the

larly effective. Unfortunately, the speaking of the words is fatally inadequate.

I say the speaking rather than the acting because if you were content to absorb the play

simply from what you see, you

might think you were at a good

performance with the sound turned down. But most of the

dialogue is very flatly spoken,

and all two often words are thrown away so carelessly that

their sense is unheard. The best-known line in the play, Ferdinand'a "Cover her face, mine eyes dazzle. She died young," loses its first phrase

eltogether in an excited grunt.

can be excluded from these

under her white wig, and plays in public with dignity and c, in private with charm. Even her posthumous voice, echoing in whispers from the back of the circle, has the

quality you might ettribute to a woman who has died with

more pride and less struggle than you would expect from a

Annabel Leventon's Duchess

lengths. Juno's matriarchal full-skirted poverty is extravagantly ragged and could belong to any period between 1870 and 1910. Her busband and (especially) the reprobate Joxer are dressed as tramps. A family of tinkers, it seems, but with e daughter whose dress and heir descriptions.

whose dress and hair-do recail the early Forties: this Mary looks like every GI's giri-friend. Mr Havergal's production is equally eclectic. It emphasises the humour at the expense of the bumanity. The guilt-ridden Johnny's cry, on hearing of the supposed legacy, of "We'il be able to get out of this place now able to get out of this place now and go somewhere where we're not known" prompted e roar of audience laughter: this family is less Grosz than Glumm. The man certainly illustrate O'Casey's unsparingly depicted male weaknesses: never bave I

the wings only to re-enter on Rudie's primly sanctimonious another, in a zig-zag progression. Needle Nugent and Jane The costumes take the Bertish, never quite going over tylisation to bewildering the top as Malsie Madigan.

Chappell) with a poisoned Bible, and shows no outward

excitement. I was sorry to see Miss Chappell go, handsome

Bosola, the ever present housebold spy, first appears in such

ragged clothes as he hails the cardinal with the sinister words

"I do hanot you still," that I

thought Michael Byrne was

going to down-class bim. But he

turned out a useful agent, though his speaking is the

Star cast for RSC's

Poppy' transfer

The Royal Shakespeare Com-

flatest of a flat bunch.

cardinal'a mistress.

The Duchess of Malfi/Oxford

B. A. Young

webster's tragedy is full of expressive, atmospheric dialogue, the lines rich with overtion for The Oxford Playhonse relies a good deal on the value of the words. Her stage is bare, quartered with lines of latitude

Beames gives her secret hubband Antonio a lot of immediate likeability, and if he seldom seems to do much to support her in her troubles, that his, quartered with lines of latitude

Her brother Ferdinand is

intrusion of the lunatics, and Miss Chappell go, handsome the Duchess's death, are particu- and gay as she was, like any

Kettle's Yard Gallery, Cambridge/William Packer

A blast of the avant-garde

There will always be artists, great artists, whose achievement is quite disproportionate to the actual physical scope of their work, whether of scale or quantity; but though such reputations quite rightly stand high, it is rather more unusual for them to carry a considerable weight of direct influence, upon weight of direct innuence, upon a particular school of followers or more generally spread across a generation. For the infloence to be the equal of the work itself, let alone out-weigh it, is more unusual still; and when more thrustal stall: and when the artist dies tragically and unnecessarily young, with so much manifestly incomplete, and so much promise unfu-filled, the personal myth, or at least a romantic eraggeration. can easily become the rule. But with Henri Gaudier-Brzeska, that extraordinary shooting star across the firmament of the pre-war avant garde, Mort Pour La Patrie in a French infantry attack npon the German lines in June 1915, and not yet twenty-four, we come away from the collected work, such as it is, with the uncomfortable feeling that every claim made on his behalf may very well be true, the romantic critical apotheoesis very thoroughly samed. That very thoroughly earned. That enough of the work survived at all, let alone together, to form a proper view, is due to the chance of the right eye falling on it at the right time; which collection, a major part of the extensive collection of modern art with which Jim Ede filled

art with which Jim Ede filled his house at Kettle's Yard in Cambridge, and then gave to the University, gives us the backbone of the small, disproportionately important exhibition now at Kettle's Yard (until November 20 — then on to Bristol and York),
Gaudier was a Frenchman whose education was oddly peripatetic, even for that easy travelling time, fetching up in Paris in 1910, after periods in Bristol and Germany, and newly-determined to be a sculptor, His family apparently sculptor. His family apparently disapproved of his association with Sophie Brzeska, wbose name be added to his own, and in 1911 he came with her to London, where he was to spend the rest of his working life. Notebooks and drawings pre-

with whom be associated, were consciously engaged with what was going on ebroed, in Paris, Milan, Munich, Moscow, were was going on ebroed, in Paris, Milan, Munich, Moscow, were familiar with the principals, and always anxious for the latest news. Gaudier was a protagonist of Vorticism, that peculiarly British corresponding development to Futurism and Cubism, and thus the intimate associate of Windham Tennis the high of Wyndham Lewis, the high priest of the movement, and Ezra Pound, its chief apologist; and with them he saw it all not as a containment and a definition, but as a universal

principle, all-embracing, offer-ing a new way through art to see and understand the world,

continues in a hectic, assertive, irresistible rush. And WE the moderns: Epstein, Brancusi-Archipenko, Dunikowski, Modi-gliani and myself, through the incessant struggle in the complex city, have likewise to spend much energy. The know-ledge of our civilisation embraces the world, we bave mastered the elements... Will and consciousness are our VORTEX." Clearly, with such a peroration, however we may see him, he saw nothing of the little Englander in himself.

Shortly after his death, "Gaudier Brzeska-A Memoir" was put out by his friend, Ezta see and understand the world.

He was nothing if not wholebearted about it, as his sculptor's manifesto, published in
Lewis' 'BLAST' in June 1914,
most emphatically shows; achieved a coterie reputation,
"Sculptural energy is the of the words. Her stage is bare, quartered with lines of latitude and longitude, the doors in the sliding panels upstage enough to suggest princely 16th century tally; and Stephanie Howard's costumes cunningly suggest the class-distinctions which are important in the plot.

It is handsome and aristocratic in panels upstage enough to suggest princely 16th century in the content of the group of young, advanced to support to wards the end. Virtus concentration of energy and concentration of energy and supportant in the plot.

It is handsome in see, and sinister moments like the unaveiling of the Duchess's bilbe, and shows no outward to the previous performance, but all his sculpture falls with an ever-increasing of the emphatically above: achieved a coterie reputation, cadence, never a congested to substitude this last period, of course, but all his sculpture falls with an ever-increasing concentration of energy and output towards the end. Virtus relation, Sculptural ability is the defining of these masses by planes. PLASTIC SOUL IS achieved a coterie reputation, cadence, never a congested two the specialist hible in particular shows: Sculptural energy is the specialist hible in particular cadence, never a congested to substitude this last period, of course, but all his sculpture falls with. Sculptural feeling is the emphatically above: Sculptural ability is the epiperical distinction. Sculptural ability is the defining of these masses by planes. PLASTIC SOUL IS Gandier had made sense of a movement, the previous year imbued in the defining of these masses by planes. PLASTIC SOUL IS Gandier had made sense of a movement, the previous year imbued in the defining of these masses by planes. PLASTIC SOUL IS Gandier had made sense of a situation that was still current in the defining of these masses by planes. PLASTIC SOUL IS Gandier had made sense of a situation that was still current in the defining of the group of t

And, quite apart from what that example gave him in terms of imaginative freedom, it gave him also the certain knowledge that there is no such thing as the given, the orthodox tech-nique, the one way. Rather it was matter of using whatever was matter of using whatever material and means were most appropriate to his particular purposes; and if it happened to be the familiar modelling up and casting in bronze, why ever not? But the point was not only the one of appropriateness to the expression of a particular idea but also the appropriateness of the idea to the material, the interest of which must always be served. must always be served.

Truth to material was indeed

Troth to material was indeed the great and the liberating thing, and direct carving the uncharted path forward to personal discovery. "We have again arrived at an age when men can consider a atatue as a statue. The hard stone is not the live coney. Its beanty cannot be the same beauty" was the way Pound himself expressed it.

But in the end whatever is said must rest upon the work that was done, the concrete achievement; and it is the chief value of this splendid show at

achievement; and it is the chief value of this splendid show at Kettle's Yard that the personal myth and the critical gloss alike for the cooler appreciation of the sculpture. With the help of the Arts Council, and a string of private and public lenders, bome and ebroad, the largest group of artiful weaks largest group of original works by Gandier bas been brought together since the memorial exhibition of 1918, with the original plasters shown if at all possible, fragile though they are, rather than the casts (though not all can go on the tour), and the drawings chosen with particular reference to the sculpture.

They are very beautiful things, vigorous, delicate and charming, ever inventive, never out of scale impressive far beyond the expectations of mere size. And in every piece, though it may be but the first tentative roughing out of the blocks of stone, the first exploration of the image, Gandier reveals himself the consummate craftsman and true artist, as it were as anether poet, Basil Bunting, once said of another artist of a different kind, "with never a

hroken free of the restraining. The last word, perhaps, literal bumanism, as they saw should be left to Ezra Pound: But, important as his contribution undoubtedly is to the
history of British sculplure, his
is a salutary foreign presence,
giving the lie to the narrow
chanvinism of art bistory by
national school or category. For
he was a figure in our art world
at a time when the artists of the
avant-garde, the very people

The Point One And in
history of And In
history of Enter Is
history of British sculplure, his
ENERGY! and it gave forth
it, of the Renaissance tradition,
it is part of the war waste.
Among many good artists,
invigorating, Infinitely comprehensive example of the Primitive, there for him, as later sculptor already great in
for them, set out in the glass
at a time when the artists of the
avant-garde, the very people
IMPRESSIONISM." And so be
literal bumanism, as they saw
it, of the Renaissance tradition,
It is part of the war waste.
Among many good artists,
invigorating, Infinitely comprehensive example of the Primitive, there for him, as later sculptor already great in
for them, set out in the glass
chievement at the age of 23,
and in the hopes of his friends."

Great British Music Festival

Andrew Clements

of contemporary-music concerts under the title of "Music of for too long foisted an illusion Eight Decades." The plan was for the four independent symphony orchestras and the London Sinfonietts to share the programmes with the BBC symphony, giving identity and purpose to the symphony probestras' timed very tree to the symphony archestras' timed very tree to the symphony archestras and the symphony archestras and the symphony archestras and the symphony archestras archestras and the symphony archestras and the symphony archestras arch programmes with the BBC Symphony, giving identity and purpose to the symphony orchestras' timid ventures into the music of today. Audiences for the subscription series were refreshingly good; three of the big four orchestras took part, only the London Philharmonic failing to join in.

A new "Music of Eight Decades" begins in the Festivel Hall next Friday. This time, however, the series is simply a joint venture between the BBC and the Sinfonletta; the four symphony orchestras are conspicuous by their absence. They have chosen instead to launch their pwn series ambitiously. their own series, ambitiously titled "The Great British Music Festival 1925-1975"—six pro-grammes evenly spllt between autumn and spring, and loudly proclaimed as the first time the orchestraa have joined forces to promote a series of concerts. Memories seem very short.

a rag bag of second-rate music as could be imagined. It's impossible not to come to the conclusion that the Big Four's antipathy to programming the second rate music as could be imagined. It's impossible not to come to the conclusion that the Big Four's antipathy to programming the second rate will be remembered as the second rate of conclusion that the Big Four's antipathy to programming and playing contemporary music has led directly to this deeply conservative and parochial venture; there is nothing in it to rock the box office, nothing that is not safe and undemanding.

Douhtless the series bas mopped up the Arts Council's special grants to the orchestras for rehearsing and performing 20th-century music for this for rehearsing and performing 20th-century music for this season, and probably a lot more

The opening concert on Sunday provided at least one nice irony. The ball was by no means full; certainly the audience was smaller than for several of the "Eight demanding work the Bri Decades" series two years ago. Music Festival will be offer When public subsidy is as tight its endience in six concerts.

In 1981 the London Orchestra as it is at present, that abould Concerts Board and the BBC be no cause for celebration, but joined forces to mount a series the Great British Music Move-

If the series gives the lie to that, it will perhaps heve been worthwhile. The first programme was given by the London Symphony Orchestra and Chorus conducted by Richard Hickox. It consisted of the Ritual Dances from The Midsummer Morriage, the first London performance of Lemony Midsummer Morriage, the first London performance of Lennox Berkeley's eello concerto and Tavener's The Whale. It was not well played. The LSO showed e return to its form of last season—sloppy and inattentive, scarcely a rhythm or a texture in the Tippett well focused, balance all over the large. Berkeley's cello conplace. Berkeley's cello con-certo (written in 1939, but only premiered earlier this year at Cheltenham) proved a short-winded piece of note-spinning, nodistinguished melodically and tackily constructed; ell Morray Welsh's strivings could not make the solo part anything

The Whole will be remembered as the work with which the London Sinfonietta introduced itself in 1968. Now it seems impossibly dated; Tavener's music has become more austere and sombre since, are superimposed upon a primitive rhythmic and harmonic framework; strip away the excresences and nothing remains. Timothy West was the narrator, Felicity Palmer and Stepben Varcoe the secure soloists, It's salutory to remember that The Whale is the most demanding work the British Mister Excited with the Principle Street and the secure soloists. Music Festival will be offering

Annie Fischer/Elizabeth Hall

Dominic Gili

David Murray remarked here after her first. It has been a wide-ranging survey of familiar repertory: Mozart, Schubert, Schumann, Chopin, Brahms and Debussy. But they have been performances, too, at every turn, rich with the insights of a truly re-creative artist—Miss Fischer has the knack of tilting a familiar picture ever so slightly to reveal a new perspective, an original colour, an un-familar emphasis.

She began with Mozart's great C minor Fantasia K475—a candid rather than a dramatic presentation, oddly compelling for its very understatement. She used it as a preinde, separated by the barest pause, to the sonata K457 in the same key; and perhaps, after all, the austerity of the Fantasy had been part of the plan, for her treatment of the sonata's first movement was (and in context seemed all the more so) grippingly ontspoken, lapped with unexpected fire. Its adaglo was spun ont in wonderful seamless cantabile: how many pianists could learn from Miss Fischer's effortless; exquisitely nuanced phrasing

Schnbert and Mozart! In Debussy her instincts were

The last of Miss Fischer's unerring: I am sure that if the three Sunday afternoon piano composer had heard the way secitals was also sold out, and displayed the same lucid, sweet in the Prelude of the Suite herromatories which herromatories marked market marked pianissimo into a sudden, pungent forte, be would have agreed that her version is better. Directness, clarity and subtiety are the words instantly summoned by her "Mennet" and "Passerpled"; her "Clair de lune " was a marvel of pre-cision, deeply sentimental, wbolly unsentimentalised.

Apart from a substantial memory-lapse in the middle of L'ile joyeuse, which mattered little, her Mozart and Debussy were remarkably accurate. She reserved her splasbes for Brahms's F minor sonata in the second half: e powerful, heady. nrgently communicative and convincing account, balanced on a razor's edge. But crystal-clear definition of every chord is less important that definition of the force, character and direction of the music, and these Miss Fischer defined superbly. A few of the fluffs. especially in the slow move-ments, were puzzling: but by and large they seemed (as in the greatest Serkin performances) not so much lapses of concentration as an overflowing of it, paradoxically less a hindrance than a quick and joyous straining to the music beyond

Les Arts florissants/Wigmore Hall

Stanley Sadie

Les Arts floristants is the London debut.

October 21-27

WEST GERMANY

the main part. Der Freischütz, a new, ultra-modern production, con-

new, ultra-modern production, con-vinces thanks to Walter Raffeiner in

the part of Max. Pariser Leben is a

well done repertoire performance

Cav and Pag brings together Seppo Ruohouen and Galina Sovova. My

Fair Lady gives e light touch to the

Schöneberg's Moses and Aron is re-introduced to the programme this season. Lohengrin, produced by An-gust Everding, is well worth e visit and has Siegried Jerusalem and In-grid Bjoner. Peer Gynt, produced by Kurt Hörres, has Cheril Studer and Activid Vanious, both excelling in

Kurt Horres, has Cheril Studer and Astrid Varnay both excelling in their parts. Die Lustigeo Weiber von Windsor is of respectable standard, with Lucia Popp and Wolfgang Brendel. This week's highlight is Don Govanni, sung in Italian, fea-turing Franzisco Araiza and Judith Beckmann in the main parts.

Munich Bayerische Str

more, be has them mould the Lambert, where there was They performed an excerpt music generously so that the

some most delicately moulded singing. The soprano Agnes name of a miniature opera, or an "idyll in music," by Marchantoine Charpentier, the finest but hte Charpentier piece that though not the most famous chiefly showed the composer's a shade further than the style in ber sensuous, subduct the composer's a shade further than the style in ber sensuous, subduct the stylistic constraints of the gently languid account of "Le stylistic constraints of The Royal Shakespeare Company's hit musical Poppy by Peter Nichols, with music by Monty Norman, which won the "Musical of the Year" SWET Award when first seen at the Barbican in 1982, will have a new star cast when it transfers to the Adelphi Theatre in November (previews from November 9).

It includes Alfred Marks. November 9).

November 9.

November 9.

November 9.

Years. Their records have group. He used seven singers, setting for a Molliere play; like amant. The our position was carried their repatation shead most of them rather tightly most musical jokes, it went on a heavy accompanying instruction. Their records have group. He used seven singers, setting for a Molliere play; like amant. The our position was most musical jokes, it went on a heavy accompanying instruction. Their records have group. He used seven singers, setting for a Molliere play; like amant. The our position was most of them rather tightly of them and they drew a size focused voices of e kind which able and ensemble all a group of airs. When Mr Christie himself was most of all a group of airs, when Mr Christie himself was solo and ensemble, by Michel at the keyboard.

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatra/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

LONDON

Royal Opera, Covent Garden: no opera performances – this week the scited-ule is devoted to the ballet.

English National Opera, Coliseum: the ENO begins e new cycle of Wagner's Ring with The Vallyrie, produced by David Pountney, conduced by Mark Eder, with Linda Esther Gray, Josephine Barstow, Anthony Raffell and (sole survivor of the previous Ring) Alberto Remedios. Further performances of the triumphant new Rienzi, Wagner's unwieldy early Grand Opera, carved by main force and brilliant stagecraft into an examination of Nazi megalointo an examination of Nazi megalo-

Royal Opera House, Covent Garden: The Royal Ballet presents Makarova as Manou on Monday (essential viewing) and Thursday will show the debut as Manon of the Ingely gifled young Alessandra Ferri, On Wednesday, Swan Lake.

Sadler's Wells, Rosebery Ave: mime company Lindsay Kenip is on view, with programmes which the theatre es are 'probably not suitable int

and Carole Farley as Gilles de Rais and Joan of Arc. Théatre Royale de la Monasie (Fri, Sun, Tue, Thur). Rossini's "Moses" in a new production by Luca Ronconi conducted by Georges Pretre with Samuel Ramey and Shirley Verrett alternates with Puccini's "Madame Batterfly," con-ducted by Alain Lomberd in Testro Community de Florence production Frankint Opera: Jenuia, reproduced this season has Daniza Matilovic in

Paris Opera (2885022).

Vive Offenbach" conducted by John Bordekin, produced by Robert Dhery at the Opera Comingue (296 9611). WEW YORK

Communale de Florence production with Raina Kabaiyanska/Helene

Garetti as Madame Butterfly at the

Metropolitan Opera (Opera House): Besides the centenary gala, the tifth week of the season includes Peter Grimes, La Bohème, La Fille du Re-giment and La Forza del Destino.

nice, La Fenice: Carolyn Carlsons Ballet (Fri, Sat, Sun).

ssion de Gilles': premiere of Philip Boesmans's opera, conducted by Pierre Bartolomee; Peter Cottlieb

F.T. CROSSWORD PUZZLE No. 5,251 ACROSS

(4)

1 South African flower colour

4 Mother rejected Lamb and read Fielding's work (8)

8 Clown sees jetty decay (7) 9 Impute a writer (7)

11 Winsome individual goes to island retreat (10) 12 To some extent, coat hangers can be a curse (4) 13 Sailors from Epsom? (5)

14 Beer may make him feel at home (8) 16 The cause of many a rising

18 Is one edjusted to sound? (5) 20 Last year somewhat painful

21 A novice drops out of Oriental race possibly for amusement (10) 23 New master accepts the last vessel (7)

24 Together in action-it's a way of selling (7) 25 Cad needs mother to reach Dutch port (6)

26 Happy looking worker in the cloth industry? (6) DOWN 1 Love to donate a window (5)

2 Unopened hair spray (7) 3 On drugs maybe, the 17 Graceful as Lear's fowl (7)

5 Intermediate, my French 21 Always np entertaining quarters (5) English judge (5)

6 Fellow leaves London road 22 Basket for wild single rose curiously to get bacen (7) 7 Poor Great Britain without money due to currency purchases (9) 10 In which Barker may be

trained (9)

13 Addison's onlooker (9) 15 — of Jenny's case (The Merry Wives of Windsor) (9)

Spanish provide the weed 19 Meantime, an edict of the German emperor (7)

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Tuesday October 25 1983

Mr Reagan's response

and as a symbol of international support for the Government of a necessity.

President Amin Gemayel.

Within months this changed. The contingents to the multi-national force, notably the 1,600 U.S. marines which form part of it, became the chief military ally of the Lebanese administration. In the recent war in the mountains overlooking the Lehanese capital the regular army was only able to maintain its positions because of naval gunfire from the U.S. Sixth Fleet offshore.

Devastating

It is hardly surprising that the groups opposed to the Government should react in its role of ally of President Gemayel. Over the last 10 days sniping and rocket attacks have led to a trickle of casualties and this was expected to get worse. What nobody expected was the enormous casualty toll from Sunday's attacks, though an almost exactly similar car homb, which blew up the U.S. embassy in Beirut in April killing 60 people, should have prepared the U.S. and other contributors to the multinational force for some devastating response.

President Reagan now promises retribution against whoever was hehind the explosion; It is unclear how far this chimes in with the popular mood in the U.S. In an election year the White House will be particularly sensitive to domestic American politics but in Lebanon, supposing the gullty party is ever identified, any act of vengeance will only make a bad situation

The White House would do better to work out a long-term policy for Lebanon. The danger of tumbling from expedient to expedient is now all too obvious. It is reasonable for Washington to give strong support to the since the Israell invasion the U.S. has tended to make the

THE POSITION of the 5,700- Lebanese administration overetrong multinational force in confident. President Gemayel Lebainon has always suffered failed to conciliate the Druze from a fatal ambiguity about its and Moslem communities or role. It was sent over a year reach an understanding with ago after the massacre of 900 the Syrians in the year after Paleatinians at Chatilla to re-he was elected partly because assure the civilian population he thought his alliance with the U.S. would save him from such

The recent ceasefire was made possible by the agreement to hring in neutral observers and to convene a meeting of the National Reconciliation Council on which the opposition was to be represented. The meeting has been endlessly deferred with each side hlaming the other. The U.S. should now press the Lebanese Government very hard to reach some understanding with the opposition leaders and thus to strengthen its legitimacy.
At present the multinational

force is in danger because this legitimacy is lacking. Many Moslems, perhaps unfairly, see President Gemayel's administration as a front for Christian domination. The President him-self admits that his Government controls between 10 and 20 per cent of Lebanon's national territory.
The Government therefore

leans on the U.S. and the multinational force for support. They in turn find they have attracted the antipathy of all the many enemies of President Gemayel's regime. The multinational force or even the Sixth fleet cannot. the long term, make np for the Government's hasle lack of support among Lehanese Moslems who are supported by among Lehanese

Stability

If the multinational force is to stay, it cannot do so as the ally of one party in Lebanon's long-running civil war. The price of this was brutally under-lined on Sunday. In the long term the continued presence of the multinational force can only be justified if it is in Lebanon in support of a more hroadly based Government. It is this that President Reagan should press for in order to create a measure of stability in Lehanon and reduce the danger to U.S. and other foreign contingents in the country.

Consistency in merger policy

British competition policy competition, encouraging cost accept the case for greater con-reduction and promoting the sistency in the merger vetting balanced distribution of process, but not for a drastic industry and employment. In overhaul of the arrangements addition, the commission "shall overhaul of the arrangements contained in the Fair Trading Act of 1973. That was the gist which appear to them in the particular circumstances to be particular circumstances to be relevant." This catch-all phrase ference on mergers by Mr Alex has led the commission to Fletcher, Minister for Consumer examine such issues as; the and Corporate Affairs in the effect of a merger on the new Department of Trade and acquired company's efficiency;

Mr Fletcher said that most mergers : have a market rationale in which the Government does not wish to interfere. There were a few cases, usually less than a dozen a year, where the merger "raises questions about the power or efficiency of the merged unit, or about the risk of creating a dominant position." The Minister defended the breadth of the public interest criterion which guides the Monopolies Commispolitical pressures. He pointed out that the system was "essentially discretionary," designed, particularly in merger references, "to allow Ministers to take the decisions that seem to them right in the circumstances."

Complete predictability was not achievable under such a potential threat to competition. It is the vagueness of the criteria which leads to inconsistency and sometimes to split verdicts.

The nuh of the matter is this, is the Government prepared to confine its interference in the market to cases where there is a potential threat to competition. It

Complete predictability was not achievable under such a system and perhaps not desirable. But Mr Fletcher was concerned that "a pattern should develop and be traceable and that the decisions taken at any one time should not be regarded as capricious. It is the Govern-ment's intention to give as much guidance as possible to the market on the policy in particular cases, for example by giving brief reasons for decisions."

Doubts

This would be a step in the right direction; a requirement to explsio controversial decisions would impose a useful discipline on Ministers. But doubts remain hoth about the extent of discretion in the hands of the Secretary of State (who makes the final decision on references to the commission) and about the commission's terms of reference.

the commission to have regard mum the intrusion of extraneous to five specific factors, including matters.

MINISTERS responsible for the desirability of maintaining the effect on the balance of pay-ments; the desirability of maintaining British ownership of a key company in a strategic industry; and the effect on em-ployment in particular areas of the country.

Considerations

The open-ended nature of these considerations makes it possible for virtually any merger which meets the size criteria laid down in the Act to guides the Monopolies Commission; it enabled contentious issues to be investigated by an inmaking judgments which are more appropriate for a management consultant than for a body ment consultant than for a body ment consultant than for a body ment consultant than for a body

> or does it want a reserve power to over-ride the market even when no question of competi-tion arises? It seems that the present government, like its predecessors, wants such a power. If that is so, the least it must do is to constrain the power by a set of published guidelines and to use it very

Ministers have to explain what sort of mergers they find objectionable and why; clearer guidance has to be given to the Office of Fair Trading and to the Monopolles Commission. Such instructions cannot cover every possible eventuality, but they should be precise enough to clear away much of the fog which has surrounded merger

control in recent years.

The outcome of the current review should be to reaffirm the maintenance of competition as the primary goal of merger The Fair Trading Act obliges policy and to reduce to a mini

NLY 20 miles from Man-hattan, down on the tawdry New Jersey coast where oil storage tanks jostle for space with chemical works, the U.S. steel industry faces one of the numerous challenges that are now threatening to topple it permanently off tis pedestal.

Perth Amboy is the site of a three-year-old mini mill launched just as U.S. steel demand was falling into the steepest decline it has known for 24 years.

Since then, the country's leading steel companies have slumped to the very bottom of the earnings cycle, running up mammoth losses that may bave done lasting damage. But the Raritan River Steel Company has struggled through, earning a profit, servicing its very large debts — and taking more and more sales from the steel majors.

It is partly because of the success of plants like Raritan that two of the country's largest steel companies have taken the first steps towards the rationalisation of the industry rationalisation of the industry that many consider inevitable. The proposed takeover of Republic by LTV is a deal which has the problems of big steel over the last 10 years written large all over it. Greatly weakened by the recession, the two groups have launched what is essentially a defensive merger.

This is a feature of the pro-

ject which may help to see it through the tough U.S. anti-trust regulations. But it is also telling evidence of an industry that bas been forced to cede so much ground to its com-petitors that its only alternative pentors that its only alternative now is to seek out alliances and regroup on a different hase. The hig companies kept their prices high and gave up

markets when sales were boom-ing," says Mr William Shields, president of Raritan River. "They are now stuck with old plants and facilities that were obsolete years ago. The only thing left for them is massive estructuring."

Although the Justice Department has not yet declared its hand the consensus view is that the LTV-Republic merger will go through. If it does, it would represent a significant reversal of the conventional view of hig steel's position in the U.S. economy. For years the major companies have carried the reputation of being so dominant that it was inconceivable that they could be allowed to come together and create even greater concentrations of interest.

It has become clear over the past couple of years, however, that this perception of the big steel companies is outdated. Even by the 1970s, they had run out of growth, as other materials were substituted for steel. Shipments became stuck on a plateau, and earnings, even in nominal terms during a period of rampant inflation, he-This steadily weakening struc-

The U.S. companies gradually ture has been shaken to its gave up any pretence of being foundations by the slump. With in a year hetween 1981 and 1982, industry-wide profits sunk right through the floor from a peak of creasingly to the soft home

\$2.6bn to a horrendous loss of market where strong demand \$3.2hn. Steel output last year and cosy established relation-was driven to its lowest point ships with their large clients was driven to its lowest point since 1938, while shipments fell by 44 per cent to 62m tons, the worst figure for 24 years. And during this mayhem, the immade for relatively easy pick-ings. "They forgot," says a critic, "that there was another

world outside." But they were not allowed to forget for long. What happened then was a kind of displacement of investment to Enrope,

where the big coastal sites became fashionable, to Japan,

profits. The loss of market share was inevitable. They also failed to pump back enough of their profits into existing facilities; and they awarded what in retrospect were incomprehensible wage increas Rather than risk strikes, and further loss of market share,

on their own terms, the inte-

High cost production in the big plants has played right into the hands of both the importers and the mini mills

U.S. STEEL INDUSTRY

The anxious barons of big steel

By Terry Dodsworth in New York

THE VITAL STATISTICS

and then the Third World. All of this new plant was put in with exports in mind—and a lot of it was aimed directly at the U.S.

The U.S. manufacturers were

hampered in fighting this trend hy competitive investment of their own. A great deal of the new overseas capacity went in with the help of subsidised loans. Yet similar plants in the U.S. might never have shown any return to share-

holders at all.
"The basic problem is that it costs up to \$2,000 per annual The decline started in the 1950s, when some of the leading companies looked at and then backed away from big new investments in integrated you ought to be aiming for a works. The decision was probably a rational one in pure return on investment terms, ton, while steel sells for but it marked the beginning of the slide from world leadership.

docr. Nevertheless, despite these constraints, the industry's strategy in the 1970s provided its critics with plenty of ammu-

the steel companies allowed wages to soar by 317 per cent between 1967 and 1982 in a period when inflation rose by 170 per cent.

High cost production in the hig U.S. plants has played right into the hands of both the importers and the mini mills. As fast as the U.S. companies have moved to plug one im-port gap—it now has a mixture of formal and informal quotas controlling European and Japanese products—another has opened up. The new bete noire is Third World imports. which have spilled in so fast this year that they have virtu-ally taken up all the gains from

the esclier quota restrictions.

The growth of the mioi mills is another telling example of how the major companies have surrendered ground. The key advantage of the minis, first started in the 1960s, has been in investment costs, which are dramatically smaller than inte-grated works. Mr Shields says that Raritan's \$2m layestment works out at around \$300 per nition. annual ton, less than a quarter for example, instead of fight- of the cost of a major new

grated majors responded by keeping prices high to maintain partly because wages are lower in some areas, and partly because they have been able to start out afresh with more flexible manning policies. The mini mills have had

have much lower running costs,

ing the imports and mini-mills works. But the mini mills also

troubles of their own, such as high electricity costs and shortsge of scrap. Nevertheless, they are now moving to chal-lenge hig steel in higher grade. higher margin rod products, The first response of the steel companies to the steadily

closlog competitive vice was to attack imports. An arsenat of restrictions — trigger prices, quotas, voluntary restraint—was put in place, but is still being brushed aside by hungry pro-

The blg mills have also tried diversifications, some, as at Armoo, moderately successful, and some, such as U.S. Steel's acquisition of Marathon Oit in early 1982, speciacularly ill-timed.

Finally, they have even turned to the importers they have been eastigating so vigorously, U.S. Steel's plan to link up with British Steel, for example, would kill two hirds with one stone: It would supply the company with semi-finished steel which it could not make itself so cheaply; and it would hring in BSC capital to help shulld some of its facilities. rebuild some of its facilities.

This link-up has caused violent opposition in the U.S. industry: for the other hig com-panies, it represents a weaken-

ing of the stand against imports, and for the unions a further threat to jobs. It has also run into opposition at the Commerce Department, which believes the agreement could European quotes.

But even though it now looks as though the deal may be doomed—the two companies are ahead, If the Government gives apparently finding it difficult to the go shead, it could be the agree on the financial arrange first of several. apparently finding it difficult to

ments—there are many in the industry who contend that the U.S. will increasingly become an importer of semi-finished

product.

But until the recession came along the basic problems were only being tackled half-heartedly. In this sense, the last three years may yet prove to be of lasting benefit. They have finally forced the steel companies to bring out the big axe and wade into their problems had on, rationalising cutting wages, brutally alimming down their labour forces and trimming their ambitions to a more realistic scale. In the process, employment has been chopped virtually in half from 453,000 in 1979 to 247,000 at the end of 1982.

at the end of 1982. The impact of these measures The impact of these measures is already seeping through into the third quarter figures for the industry. Once the recovery spreads well into the capital goods sectors, the lower cost base on which the industry is now working should generate a healthy increase in profits—the industry increases in profits—the industry increases in profits—the industry in the capital drawing up some huwant force. drawing up some buoyent fore-

Yet. recovery be strong enough to pull the industry out of its structural nose-dive? Rationa-lisation of worked-out plant costs money, and many of the steel companies can ill afford to spend the

to spend the Bethiehem, the second largest of the majors, provides an example of these diametat constraints. In 1982 it embarked on a 5thm closure programme which, rogether with operating losses, left it with net worth more than halved at \$1.25m. Aiready saddled with heavy debts, it is now arranging leasing type finance with a con-sortium of banks for an essen-tial \$500m investment in two

continuous casters.

With this kind of financial squeeze widespread in the industry, there is a growing feeling that a short-term carnings recovery will only be the first step towards putting steelmak-ing back on a healthy footing. Mr David Roderick, chairman of U.S. Steel, voiced these fears at a recent hearing of the Senate Finance Committee, when he talked about a "state of accelerating self liquidation." Mr Roderick, who is also chairman of the American Iron

and Steel Institute, put forward a three-point recovery plan that would mark a radical change in the old adversarial relationship the Administration.

What the industry would like, and, would be substantial tax concessions to draw forward investment credits, protective action under GATI to provide tariff shelter while it re-organises, and a waiving of anti-trust regulations to sllow

The LTV-Republic merger attempt to test the Covernment's willingness to allow such a wave of reconstruction to go

Men & Matters

Merchant venturer

Barbara Thomas, the newest recruit to merchant banker Samnel Montagu's executive team, has been better known so far as a champion of U.S. investors rather than Wall Street's investment hanks.

Since she first made her name, at the age of 34, as the youngest ever member of the U.S. Securities and Exchange Commission (SEC), the impec-cably groomed Ms Thomas has

Her independent stance on bas won her widespread respect
though it may hardly endear
her in some of the more secretive corners of the international
merchant banking circuit.

She has been an outspoken critic of Rule 415, which allows companies to register securities with the SEC and then sell them in the future without the usual

waiting period.

Ms Thomas has argued that the rule poses grave risks to investors and, in fact, ahe is delaying her departure until next month so that she can take part in the final vote on the

Apart from such domestic issues, Ms Thomas has pushed for greater access to data on illegal transactions being made through secret bank accounts She is a conservative Demo-

crat on a Commission which is weighted in favour of the Republicans. She once told a reporter that when she first joined the SEC, she was its most conservative member but "the Commission has moved so much toward the Right, that I am now precisely in the centre."
But though she has often been at odds with those on her right, her departure is due to her lawyer husband's posting to gone a long way towards fund-Hong Kong where he is opening ing its "Millionaires Club."

a hranch of his New York firm.

Ms Thomas's major task as

Montagu's first woman executive
director, during the next three
or four years will be to develop
the ; hank's international corporate finance business in the

porters increased their share, pushing up sales to 27 per cent

of the 1982 market — just about double the level at which they

had stood 10 years previously.

Some of these figures are now
beginning to crawl back to less
horrific levels as the U.S. economy comes roaring off the

bottom. But the underlying structural weakness of hig

Despite the enormous volume production of the U.S. Industry

-U.S. Steel, the giant of the sector, produces as much as the

whole of France, and Bethle-

hem, the number two manufac-

turer, ships more than British

Steel—they are operating from some of the most outdated plants in the world. Only 26

per cent of output is by con-tinuous casting, against 86 per cent in Japan; and 9 per cent

bearths.

capacity is still in open

Critics say that many of

yesterday's showpiece inte-grated facilities are no longer

effective as total units. "There

are lots of superb facilities,"
says one consultant to the industry. "But often they do not
link up with anything as effi-

cient either up or downstream."

But she has also been given a desk in New York — as presi-dent of Samuel Montagu Hold-ings — and will help in planning Montagu's expansion in the U.S. market.

Cabinet cuts

been waging a constant fight for It the government wants to find investors' rights, demanding out whether its cuts in local less corporate secrecy and hetter authorities' spending have started to register it need look no further than a recent digest of office equipment sales.

According to figures for the sales of filing cabinets published hy MM Corporation Services, the cutback in local government departmental spending has been particularly harmful " to filing cabinet sales.

However, there is still plenty of paper being shuffled about the bureaucratic system. Nearly 1m filing cabinets were sold last year in spite of the recession.

Lucky numbers

Daily Express readers competing for cash prizes in "the world's richest newspaper game" seem to be faring rather worse so far than the journalists who have been quitting the newspaper.

"Who is this week's editor of the Daily Express?" a nonplussed Lord Matthews, chair-man of Fleet Publications, was asked at last week's annual meeting. "Do they work in an office or on a turntable?" the critic

newspaper's 10 editors in 20 years. The cost to the Express, according to his estimates, of

His (unconfirmed) list of severance cheques paid out to departing journalists recently includes £150,000 ta City editor Kenneth Fleet: £84,000 to his predecessor Roy Assersohn; £80,000 to Arthur Firth. editor 1980-81; and £100,000 to Christopher Ward, editor 1981-

Sir Larry Lamb, who currently occupies the editor's chair, dis-missed associate editor Felicity Green with a cheque for £60,000 and another £100,000 has gone to two foreign correspondents who need no longer correspond.

Tickled pink

Imitation, they say, is the sincerest form of flattery. So when a new financial daily appeared on the news-stands in Israel, printed on a familiar pink paper, our man in Tel Aviv called the editors to offer his congratulations.

During the ensuing conversation, it emerged that the newsprint for the new Hehrew language paper comes from the FT's own supplier in Scotland. The new paper, Globs, joins Mabat, Yom Yom and Sha'ar, th hring to four the number of financial dailles in a country where just aboot everybody plays the stock market I wish the new publication well. It's a nice colour—sbame about the name.

Portuguese pains Attempts by the Covernment Union.

to trim speoding in Britain's

to trim speoding in Britain's

"This is a fantaatic country you have here, never any strikes, he remarked to a Soviet patients alike. But, if it is any comfort to

persisted, in a reference to the the British authorities, things are worse in Portugal. The Portugese, it seems, are real gluttons for punishment. More than half of them are rethis sort of turnover, would have ported hy state medical autho-

cat too many cheap starches,

while the rich simply eat and drink too much and do not take enough exercise. Too much salt in local cook

ing also leads to high blood pressure, while the Portugese are Europe's second higgest alcohol drinkers—after France, that is. Until this year there were no drunken driving laws in Portugal and over 3,000 people a year died outright on the roads. For the doctors the style of

life in Portugal adds up to a fearsome medical problem. With few general practitioners the hurden falls on the hospitals which last year handled more than 25m consultancies. From morning until evening

each day Portuguese pharmacies are full of ladies armed with sheaves of prescriptions for ail-ments which they describe in alarming detail to a captive audience. Recently one cleaning lady arrived at work with a shopping bag bursting with 16 different remedies costing altogether £30 for ber kidney stones, gall-stones, and other aches and

iWth such paid-up enthusiasm for illness it is a wonder the Government nationalise on ohvious hoom

Strike a light

Nobody tells better Irish jokes than the Irish Timea. Its lalest is one about an Irish trade unionist visiting the Soviet

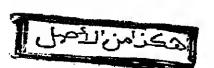
official. "No. they're against the law

here." replied the Russian. "Bejabers, you'd never get away with that in Ireland." said the trade unionist. " All our

Ubserver



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Letters to the Editor

Pros and cons of the lump of labour fallacy

From Mr Steve Hill

Sir.—Twice in the past fortnight Mr Brittan has used these pages to rehearse the arguments against worksharing (Economic Viewpoint, October 6 and Economic Notebook, October 13). The basis of his argument is the "lomp of labour fallacy," the belief in a fixed amount of work to be done. However the very existence of continued high levels of unemployment is proof that the real world is somewhat different. It is inherently dangerous in all sciences, but most particularly in economics, is the "lomp of labour fallacy," to consider that theoretical solutions have immediate relevance to actual situations.

Sure full employment was restored. However the very existence of continued high levels of unemployment is proof the the real world is somewhat different. It is inherently dangerous in all sciences, but most particularly in economics, may be an acceptable price; an solution solutions have immediate relevance to actual situations.

The real economic argument to be so. work to be done. However the lump of lahour argument is in no way necessary to illustrate the potential benefits of work-sharing.

is that output per person increases faster than total output. This is precisely the situation which alarms Mr Pym (Notebook, October 13). Indeed, this is the root cause of gap between the size of the working population and the level of employment which began to appear in the 1970s, graphically if unwittingly illustrated by Mr Brittan, reasons but its it is this factor, the potential rise in output per person outstripping total demand, that makes the impact of new technology so dangerous in employment terms. Of course the Luddites were wrong, not for Mr Brittan's reasons but because their actions took place at a time of employment is falling, measures to protect jobs or redistribute current employment are no more than one logical response to an adverse logical response to an adverse

situation.
In tha "best of all possible worlds" of perfect competition, the labour market would adjust automatically through wage rate ment by hetween 150 and 750 changes, to iron out the effects thousands, and reduce memorial labour displacement and enployment by between 100,000

The real economic argument against worksharing is in its potential effect on labour costs. redistributing employment For unemployment to continue to rise, all that is required is that output per person increases faster than total output, demand and accelerate the substitution of continue to the continue of the continue of

These are the details on which the worksharing debate rests—a rather different environment than the one inhabited by Mr Brittan. The Department of Employment, for example, has estimated that reducing the "normal" work-ing week to 35 hours would increase costs by between 6 and 81 per cent, increase employ-

to be so.

The problem is basically the sort of future that we want. We know there is liable to be less man-hours of paid employment in future (not strictly the same as less work, since there is no shortage of work — only jobs). This reduced demand for labour has been occurring via closures and redundancies, particularly in manufacturing. This path leads to declining employment, but higher real wages for those in work. At the same time the individual and societal hurden of unemployment has been ris-What the advocates of

work-sharing argue is tha reducing the amount of work done by each person may be a preferable adjustment mechanism. Of course ona way to avoid this choice and all its implications is to deny any long term shortage of employment.

Clearly work-sharing is neither a simple nor universal solution to Britain's unemploy-ment problems. However the important and complicated issues involved are worthy of considerably more than Mr Brittan'a dismissal as "a flewed dangerous nostrum." Radical measures have always appeared dangerous to those hlinkered by the assumptions of conventional wisdom. This, in itself, does not make them wrong. Stephen Hill.

Lecturer in Economics, The University of Wales Institute of Science and Technology, Colum Drive, Cardiff.

Reduction in worktime

people in employment rises in line with the working popula-tion. What he does not show, nor mention, is the reduction in the number of bours in the From 1860 to 1950 in the 1104 GC Amsterdam, U.S., the average working week The Netherlands.

Sir.—Mr Samuel Brittan's arguments against joh sharing as e means to reduce unemployment are themselves misleading (October 6 and 13). In his "Economic Viewpoint" of October 6, 1983 he uses a chart to show that the number of people in employment rises in people in employment rises in the united by the property of the time it would explain one pos-sible reason for the current high unemployment. Kantershof 61.

Gimmicky enterprise zones

From Mr A. Holloway Sir,-Anyone reading your supplement on enterprise zones (October 18) could be forgiven for thinking their establishment cost has been moderate, due to quoting a few cost details at 1981 prices. The reality is very

The EZ policy was seriously flawed by the decision to include 849 existing companies within the original 12 boundaries. They were employing 22,289 persons whose rate bill of £5.4m became state funded. This equates over their ten year life to e subsidy of £86.65m or £3.886 per existing employee (compounded et 10 per cent).
There has also been £150m public and private investment public and private investment. The above extravagant result were almost always right and on the original zones for site should alert us to the dangers the views of the Macmillan and lend development, plus e of the "free-port" concept, cahinet almost always wrong. claimable capital allowances. This makes a total "expendi-ture" of £173m (up to May 31 1982) to create 4,592 jobs by December 31 1982. Admittedly, this is early days as the initial development cost will fund further jobs, but at £37,674 per joh to date, it is proving a very costly way to create jobs. If one deducts the 60 per cent lobs transferred into the zones, it has Alan C. Hollway. cost £94,175 per new joh!

Even the ebove figure is an understatement, as no eccount bas been taken of administrative costs, additional expenditure from May to December 1982 and the fact that many, if not most, of the remaining 40 per cent of "new" jobs in the zones would have occurred regardless of the subsidy.

It should also be said that the figures take no account of the unpleasant aspects of the zones, namely, the unfair competition, the dislocation and cost of company transfers and the lowering of property values, with the in-berent increase in dereliction, in the areas surrounding the The above extravagant result

delusion, in that it won't create any new jobs, merely redistri-bute work already done by existing companies in the UK.
When will we learn that halfbaked ideas and subsidies are no substitute for hard, honest work in stable conditions, producing goods people want at prices they are prepared to pay?

42, Grafton Street, Liverpool.

Wise men and nuclear policy

Sir,—John Plender's comments on my inaugural lecture,
"Business Lessons from History" (October 14) went to the baart of so many matters that it is charlish to quibble at one of his extrapolations. However, of his extrapolations. However, in accurately reporting my comin accurately reporting my com-ments on failures in British nuclear power policy, be draws the more general lesson: "Treat the electricity industry's indge-ments on capital investment with cantion." This would be good advice on any investment proposal, but it is not, as might be inferred, reinforced by de cisions on the first Magnox pro-gramme: on which the nationalised electricity industry's views

as it is to believe in

From Professor Leslie Hannah large nuclear programme being foisted npon them hy the Government, and indeed success Government, and indeed successfully reduced its scale and minimised the damage done by Government interference, as I heve shown in my Engineers, Managers and Politicians. The industry's leaders were treated as fools and knaves by e government. ment which had staked its reputation on a nuclear re-venge for Soez and which revenge for Snez and which refused to recognize the economic
folly of their ection. How
about an alternative lesson for
Mrs Thetcher? "If you treat
wise men leeding nationalised
industries as fools and knaves
for long enough, you will end
up with nationalised industry
leaders you think are wise men,
but who in fact are fools end
knaves

Leslie Hannah the age of Sizewell, the CEGB London School of Economics, between 1957 and 1964 consis- and Political Science, tently opposed the excessively Houghton Street, WC2

Pensions for early leavers

From the Personnel Manager, Otis Elevator

Surely the cause of the whole problem (and bence the solu-tion) arises from two basic issues: the cross-subsidy inherent in final salary schemes which just encourages "cheat-ing" hy taking leavers into account when calculating funding rates (to reduce costs and/ or increase promised benefits)
and means that transfer values tend to he based on the current cost of future benefits, rather than cumulative contributions; and the Inland Revenue rules are too complex and un sarily restrictive. Would it be too simplistic a solution to suggest legislation along the

Employers, having promised henefits and made on-going con-tributions in respect of em-

9. Poland Street, W1.

that no funding rate is "pro-mised" to an employee—but the fact remains the employer is prepared to fund a certain percentage contribution sequently, to claw this back in some cases only (which effec-tively is what happens) is

Employers who find their total costs too high as e result would obviously be free to discuss less with their employees. Schemes could remain on a final salary formula, but apart from the basic rule the method should not he imposed; the reality is that not many employees ever reach the promised maxima

rules?

After all, at the end of the day, the money salted away tax free will produce taxable pen-sions. In fact, the opportunity could be taken to tax them at source as with building society Interest, thus mai Revenue's life easier. thus making

UK construction equipment industry

A litany of gloom

By Lynton McLain and Ian Rodger

BRITAIN'S CONSTRUCTION equipment industry is reeling from the double impact of a long slump in demand and an aggressive assault on the UK market hy Japanese producers. In the past two months, Cater-pillar Tractor has aunounced the closure of its component plant in Birtley, Tyneside, Ruston-Bucyrus has abandoned the hydraulic excavator market, and Terex says it may have to made a third of its workforce redundant by the end of the Most other companies ere

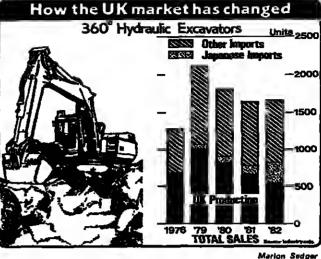
Most other companies ere suffering, as markets for construction equipment remain deeply depressed. The UK market has fallen by ahout a third since 1979, and there are reports of discounts from list prices of np to 50 per cent. British manufacturers used to be major exporters of con-struction equipment. In 1975, there was a £100m trade surplus in earthmoving equipment alone. This year, for the first

time, there will be a deficit, mainly as a result of the huge inroads made by Japanese suppliers both in the UK and in traditional export markets. In their now well-known style, the Japanese appear to have identified a major sector of the construction industry for a concentrated attack. The hydraulic excavator sector was an ideal choice, heing worth about £40m a year, 10 per cent of total industry sales, and one of the few that has heen growing despite the recession, because users have been switching to them from tracked loaders. The British market was particularly attractive, as there were no significant barriers to entry end no single dominant supplier among the 20 competitors.

From a standing start six years ago, Komatsu and Hitachi had captured nearly 17 per cent of the UK market for excavators last year. They bave now been joined by Mitsubishi Heavy Industries, Kobelco and JSW and together they are expected to take more than a quarter of the market this year. The Japanese manufacturers

do not have a similarly signifi-cant share in any other product in the UK market, nor do they heve as large e share of the excavetor market in any other industrialised country. British manufacturers com-

plain that the Jepanese bave Japanese bave edded signifi-built up their position by offer-ing exceptionally low prices. Japanese bave edded signifi-tor the UK manufac-turers' problems.



"They are certainly selling into this country at prices well helow what others can sell at," says Mr David Barrell, director of the Federation of Manufac-turers of Construction Equipment and Cranes.
Mr Alisdair MacLauchlan,

mr Anstair MacLauchian, managing director of Hymac, once the UK market leader, says: "It doesn't matter how productive we are, wa are not in the game. We are accepting prices on deals that are below travelle coete." variable costs."
The Japanese deny any un-

fair pricing practices. Mr Ian Patterson, UK sales director of Marubeni Komatsu, acknow-ledges that price competition is the worst be has seen for 30 years, "but we have to trade at a profit, and we are not selling machines at below cost."

marketing manager of Beazer Plant Sales, the Hitachi distributor in Britain, says, "We are selling well above cost price, and we are making a substantial profit." He claims Hitachi has overtaken Poclain and Hymac this year to take second piece behind J. C. Bamford Excavators. Both Hitachi and Komatsu ettribute their success to the quality of their products and aervice.

Whatever the case—and the question is being discussed not only with the British Government but also with the Japanese Trade Sub-Committee of the European Commission—the fact remains that the

Last month, Caterpillar, the world market leader in construction equipment, announced

it would close its Birtley works on Tyneside because of detion and materials handling equipment. The plant employs almost 1,000 people and makes components for earth moving equipment and fork lift trucks.
Last week, Ruston-Bucyrus,
the Lincoln-based company
owned 50.1 per cent by Bucyrus-

Erie of the U.S. and 49.9 per cent by Britain's GEC, announced it was withdrawing from the manufacture of hydraulic crawler excavators. The group sold only 44 excavatora in Britain last year.

"Until we can make and sell

"Until we can make and sent hydraulic excavators at e profit, we are withdrawing from the market," says Mr Richard Andrews, sales director. Ruston has made 480 of its \$40 markets rectandant this year. workers redundant this year. The one exception to this litany of gloom from the UK producers is JCB, which has managed to improve its market position in the past five years, remain profitable and avoid major redundancies.

The company has succeeded by maintaining its leading position in backhoe loaders and concentrating on smaller excavators rather than competexcavators rather than competing head-on with others.
Markets for smaller equipment, used in motorway maintenance and private housebuilding, have been more buoyant than those for very large scale equipment.

the UK market for wheeled loaders and wes aiming for a 20 per cent market share.

Figures supplied by IBM in yesterday's revenues of 344bn. The correct figure is \$34bn.

However, JCB is as upset as other British manufacturers about the erosion of prices on hydraulic excavators, and this company too hlames the

Japanese.

"The Japanese say to customers, "Tell us what the others are offering, and we will hetter it," a JCB official said. Despite the agonies they are Despite the agonies they are suffering, none of the British manufacturers publicly accuse the Japanese of dumping. They acknowledge that Japan's export push derives in part from a very soft home market. But they would still like relief from the pressure and have been making representations to the government for several

the government for several months. The Department of Industry would say only that it had met with representatives of met with representatives of companies and of the industry federation. Mr Barrell of the Federation of Manufacturers of Construction Equipment and Cranes, said he believed the government would like to belp "but they don't quite know how."

The outlook for the UK producers does not look hright. Mr MacLauchlan of Hymac said that if the rate of price cutting continues next year, it would jeo-pardise the continued existence of the UK manufacturers of hydraulic excavators.

One way of surviving may he to diversify into different products. Priestman, the Acrow subsidiary that has seen its share of the UK hydraulic excavator market tumble from 9.4 per cent to 5.5 per cent in the past six years, has devel-oped e high technology excavator with a variable counter bal-ance mechanism. It has sold 30 in its first year of production, including five to the U.S.

Another producer, Mantis Excavators of Corby, has found a niche in the rapidly growing market for micro-excavators.
Since making its first machine
in January, 1982, this small
privately owned British company, bas sold 450 units, 25 per
cent of them into export markets

But the Japanese too are look ing for new niches, Komatsu said last week it was entering the UK market for wheeled

Reducing the tax burden

From the Director. Low Pay Unit Sir,—Prof Myddelton (October

11) shows all the symptoms of fiscal myopia in rejecting the concept of tax expenditures advocated by Samuel Brittan. From the point of view of the state, tax expenditures (pro-vided in the form of tax reliefs, allowances or concessions) reduce revenue and thus have precisely the same effect on the PSBR as direct public expenditure—which Myddelton wishes to see further curtailed. As far as the reciplent is concerned, tha effect on spending power is also the same whethar tha atate subsidy is paid in cash or kind or as a tax relief.

This is not to argue, as Myddelton implies, that all tax relief. reliefs are a form of tax ex-penditure, or that the Government has a right to tax all income at 100 per cent. But those reliefs that crode the tax

base (excluding, for instance, genuine work expenses or business costs) should properly be considered alongside direct

public expenditure. Prof Myddelton describes

Sir,—The October 7 article by your Tokyo correspondent, Jurek Martin, does a great dis-service to the bundreds of

professional men and women who work for the Voice of

VoA news is or has been subjected to ideological pressures

is quite simply untrue. VoA news is, by mandate of the U.S.

Congress, accurate, comprehen-

From the Director, Voice of America

Yet tax expenditures serve to distort economic activity, encouraging the transformation of income, expenditure and savings into tax-exempt, but often in-efficient forms. They are a source of inequity between tax-rayers, while also requiring that marginal tax rates are higher than would otherwise be necessary to raise any given amount of revenue. Moreover, Government's commitment of resources through tax expenditures is inevitably open-ended, representing a form of public spending which really is out of control.

Once again we see Ministers puzzling over how they might reduce tax rates, and especially the hurden on the low paid while avolding further politic ally damaging cuts in welfare spending. Bringing tax expendi-tures more fully into the system of public expenditure planning and control might belp to solve this painful dilemma. It would take political courage, but it makes sound economic sense. Chris Pond.

himself as an advocate of the

Sir,—It was refreshing to ad Michael Beenstock's read Michael Beenstock's article on October 5 and subsequent correspondence in your columns, previously the debate on pensions for early leavers seemed to have become fixated on revaluations and money purchase v final salary arrange-

following lines?

ployees, presumably are pre-pared to meet those costs right np to normal retirement date. For early leavers, then, it would he equitable, say, from April 1984, for transfer values compulsorily to produce the higher of (a) the current cost of promised benefits; (h) the total of employee and employer contributions.
P. J. Danischevsky.
The usual argument here is 43-59, Clapham Road, SW9

patently unfair.

anyway.

A number of the restrictive Inland Revenue rules should be abolished; for example — why should the Revenue restrict portabla schemes (except for the self employed) and aggregate AVC's under the two-third rule? strict pension entitlement for less than 10 years' service regardless of the employer's willingness to fund the cost? Why even, should there be an overall maximum pension and overall the cost. maximum pension under the

To tell the truth whether the news be good or bad

Monetary Fund, the increase in flect U.S. Government policies. tion. They are clearly labelled as editorials before and after they are broadcast. They are two to three minutes in length

> We are committed to con-We recognise our responsibility ing points of view about sign ficant American thought and professional and resnonsible manner. The key is balance-

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sive, and objective. Our commitment remains the same today as it was in 1942 when the VoA first began broadcasting — "to tell the truth, wbether the news be good or Mr Martin goes so far as to call the VoA "a cheap instru-ment of propaganda." Appar-ently, he does not listen often or carefully to our broadcasts. On ont new programme "Focus", for example, we have recently dealt with such subjects as: The dehate over funding for the International

black office bolders in America, the civil rights march on Washington, the interment of Washington, the interment of Japanese Americans during World War II, ethnic separatism around the world, and the crisis in Lebanon. "Focus" is a daily, balf-hour analysis of issues in the news. As anyone America. His suggestion that who listens carefully can easily tell, the people we include in these programmes both oppos and support the Reagan Administration's policies.

We consider it our obligation to present contrasting view-points and we live up to that obligation. One of our new programmes is in fact called "Viewpoints." Our teams in-clude such diverse minds as political columnists Mort Kondracke and Robert Novak, Congressmen Wirth and Ritter, and editors Hendrik Hertzberg

and Alian Ryskind. Mr Martin is correct in point-

Congress requires us to cleerly and effectively explain U.S. "stuffed with anti-Soviet diatribes and homilies on the superior American way of life." Again, he does not listen often or carefully. In the last two weeks of September, for example, we broedcast a total of fourteen editorials. Two dealt with the Soviet downing of Korean Airlines flight 007. One concerned Congressional hearings on Soviet psychiatry. Other subjects included: The ported interest in bolding free complaints. elections, and Afghanistan, Our Kenneth Y. Tomlinson editorials are written and c/o The United States of ing out that the VoA does produced completely indepen- America Embassy, broadcast editorials which re- dently of the VoA news opera- 24 Grosrenor Square, W.1.

Part of our mandate from the

policy. He is incorrect in stating thet our editorials are percentage of our broadcast

tinued improvements of our current affairs programming. to present comment and differinstitutions to our audience and to do so in a thoroughly basic requirement of western journalism that is notably United Nations, the search peace in Lebanon, small business in the U.S., constitutional in fact, I am struck by his generalisations, which are not search and the debate generalisations, which are not appeared by a single speci-Resolution, Nicaragua's pur- fic which would support his

Tuesday October 25 1983



Airlines to act on blocked earnings

By Michael Donne in Delhi

THE WORLD airlino industry is planning tougher measures in conjunction with governments to combat the growing problem of blocked airline earnings in many parts of the world - especially Africa.

These now amount to \$800m and the problem is getting worse, with the year end.

It was made clear yesterday at the annual meeting in Delhi of the International Air Transport Association (Iata) representing 124 leading world airlines, that, whereas a few months ago the problem ap-peared to be coming under control, with blocked oarnings steadily being cut, in recent weeks there has been a reversal and the total has

Earnings are "blocked" when an airline earns cash by selling tickets in a foreign country that refuses to allow the airline to take the money out, and instead freezes it, in some cases even appropriating it for othor uses as a valuable and virtually free source of foreign exchange.

Many airlines, especially those in Western Europe which fly to the most grievous offenders are becom-ing very worried about this situation and angry at the apparent inability or unwillingness of govern-

Sir Adam Thomson, chairman of British Caledonian, told the meeting that it was "a problem for governments to solve, not the airlines. It is n fact that by not allowing a fair and reasonable flow of remittances to airlines, the governments of the countries concerned are breaking the treaty of an air ser-

But lata is now ready to go even further than complaining to govern-ments. It is openly talking for the first time of stopping flights to of-fending countries. After a particularly tough and outspokon meeting of the association's top policymaking executive committee in Agra, near Delhi, late last week, it now emorges that it was openly agreed that if the problem were not solved, "service disruptions" might easily

The problem of blocked earnings can be properly assessed when the current estimate of \$800m is set against the industry's overall annunue losses of close to S1bn through discounting - the sale of tickets worldwide at less than the official fares - are also taken into account. it becomes clear that by eliminating discounting and blocked earnings, the industry could revolutionise its financial situation very quickly.

Airlines battle to clear doldrums,

Jaguar plans robotics ioint venture

Continued from Page 1

Jaguar is expected to spend more than £50m during the next three years on new production methods. Much of the investment seems like ly to qualify for grants under the British Government's Support for Innovation scheme, which can provide one third of the cash required.

Mr John Egan, the car maker's chairman, would not be drawn on the total investment involved, but disclosed that, so far, contracts for work worth £750,000 had been signed and had attracted provisional financial support under the Sop-

That had enabled Jaguar, part of the state-owned BL group, to speed up the introduction of new techniques. "But we had no choice about making the investment. We have to put behind each of our workors money equivalent to the investment our rivals put behind theirs.

World Weather

Sears Roebuck profits surge 73% in quarter

SEARS ROEBUCK, the world's largest general merchandise retail Sears' nine month earnings to ness, yesterday reported a 73 per cent surge in third quarter earnings

The gain reflects n particularly strong performance by the mer-chandise division, and higher earnings from the Dean Witter Financial Services group and the Allstate Insurance group.

Sears said earnings for the quar-ter increased to \$288.8m, or 81 cents a share compared with \$168.7m or 48 cents a share in the same period last year on revenues which grew by 19 per cent to \$8.93bn from \$7.51bn.

Results for the quarter, and the nine months, have been adjusted to reflect the consolidation of Simpson-Sears of Canada after Sears lifted its stake in the company earlier this year from 40 per cent to 60.5 per cent. Excluding Simpson-Sears, revenues for the quarter increased

The latest results helped lift same period last year.

Revenues for the nine months, including Simpson-Sears, increased by 18.5 per cent to \$25.07bn, and by 9.4 per cent to \$23.14bn, excluding Canadian company, from \$21.15bn in the 1982 period.

Results for the latest quarter and nine months were lifted by capital gams of \$4.7m after tax in the latest quarter and \$58.2m in the nine months, compared with a \$20.3m after tax loss in the year ago quarter and \$30.9m in the 1982 nine months. Mr Edward Telling, chairman

and chief executive, said strong per-formances by the company's merchandise, insurance, real estate and financial services groups contributed to the earnings improvement. He noted that operating income

nttributable to the general mergroup, which has been rapidly ex- \$759.5m or \$2.25 a share, against chandise group which reported in-panding its financial services busi- \$401.8m or \$1.15 a share in the come for the latest quarter of \$158.9m, a 126 per cent increase over the \$70.3m in 1982 quarter.

> This was attributed to improved sales, continued expense controls and lower effective interest rates. Third quarter revenues increased by 21.4 per cent to \$6.19m.

reported a significant income gain of \$146m in the quarter, against \$122.8m last year on revenues of \$6.01bn compared with \$5.53bn.

Perhaps the most dramatic and surprising results came from the Dean Witter Financial Services group. While other financial services groups and the Wall Street firms in particular, have been struggling to maintain earnings, the Sears group reported income of for the third quarter totalled Sears group reported income or \$378.1m against \$238.4m last year and \$885.3m compared with syear on revenues of \$505.2m \$343.4m for the nine-month period. \$20.4m, compared with \$12.4m last

Getty Oil wins protection pact against unwelcome takeovers

BY WILLIAM HALL IN NEW YORK

GETTY OIL, the 14th largest U.S. oil company, has signed n one year executive of Mesa, who is masteragreement with its two biggest minding the stalking of Gulf, shareholders, who have agreed not warned yesterday that while the into sell their shares during the term vestor group has not decided what of the agreement.

The agreement with the Sarah C. sumed that the investors will be Getty trust and the J. Paul Getty passive, Museum, which together control 52 per cent of Getty Oil, is the latest itial reaction to Gulf's proposals to example of the efforts by major set up a new Delaware holding com-U.S. oil companies to protect them-selves against unwelcome take-tageous to Gulf's shareholders." Acovers. Getty Oil's name has been mentioned regularly over the past intend to vote against the proposal year as a possible takeover candi-

date.

Gulf Oil, which earlier this month amounced plans to form a new Delaware holding company in an effort to protect itself from disruptive action by minority shareholders, is an aggressive Texas oil company which has a reputation for investing in the undervalued stocks of fel-

Mesa announced yesterday that per cent of the company's equity. Its purchases so far have cost \$791m and it has said that it is willing to spend up to \$1.1bu on Gulf Oil shares. Trading in Gulf shares has been unusually beavy over the last couple of months, and last Friday a 2.5m block of Gulf Oil shares changed hands for \$118.1m, making it the third higgest ever transaction on the New York Stock Exchange.

French and

U.S. troops

'must stay'

bassy attack.

Continued from Page 1

criminals who would not go unpun

ished." U.S. officials have long sus-

pected that Iranian religious

extremists were involved in the em-

action it will take, "it cannot be as-

Mr Pickens also said that the incordingly the investors presently as they now understand it. The Me-

tion by minority shareholders, is with its bankers to belp it finance currently being pursued by a group its purchase of Gulf oil shares. Meof investors led by Mesa Petroleum, sa noted that certain banks have determined not to participate in the credit commitment under Mesa's revolving credit agreement and that such bank's commitments have been replaced by banks which have it had increased its stake in Gulf Oil increased their participation and by al loss last year of \$1.8bn. If reve- to 17.9m shares, equivalent to 10.8 the inclusion of one additional

The Getty Oil agreement which was signed last week, provides that fundamental corporate changes will be effected only with the agreement board will be increased from 12 to museum, which controls 11.8 per

Mr T. Boone Pickens, the chief cent of the stock, and the other four are to be selected by the trust which owns 40.2 per cent of the Get ty stock, and must be acceptable to the company and the museum.

> nally higher third-quarter earnings of \$183.7m. Its revenues dipped from \$3.1bn to \$2.9bn, as earnings per share rose from \$2.28 to \$2.32. Standard Oil of Indiana, the sixth higgest U.S. oil company, reported a 5 per cent increase in net thirdquarter earnings to \$584m.

> Getty yesterday reported margi-

The improvement was attributed primarily to better refined product margins and bigher earnings from chemical operations which have rebounded from previously depressed levels. Higher crude oil and condensate production volumes overseas also boosted earnings but were to some extent offset by lower crude oil prices and reduced natural gas

The group's third quarter results include a \$45m provision for tho loss on the sale of surplus tankers. However, this was largely offset by a net benefit of \$30m from the der the last in first-out method (Lifo) and disposal of U.S. fertiliser and pesticide operations.

Ashland Oil, one of the biggest inof the company, the trust and the dependent refiners, reported a museum. In addition Getty Oil's \$22.7m drop in its final quarter net income to \$51.7m. Last year's fig-17 members. One new member will ures had been boosted by a S48.5m be designated by the J. Paul Getty pre-tax gain on the liquidation of inventories and a tax credit

Czechs to keep tight rein on debt to West

BY DAVID BUCHAN IN LONDON

consolidate this year's improve-ment in external finances and do-

Iran denied any involvement in the Beirut bombings. The national news agency said the U.S. had ac-cused Iran of complicity in order to The Government of President prepare the grounds for a military crisis in the Gulf and to build up its forces thore." In Syria, newspaper editorials al-so denied responsibility and said

that the bombings were carried out within the framework of confront-ing the forces of occupation and bers of the Soviet bloc, Czechoslose who support them. It is a part of the civil war in Lebanon, espe-cially since the marines and other multinational forces participated effectively in the battles in the Chouf

Most Lebanese commentators ar-gued that the attacks were aimed at sabotaging negotiations

CZECHOSLOVAKIA intends to Comecon. Ho did not expect any im

mestic production by keeping a tight hand on imports and borrowing from the West, according to Mir Jaroslav Kroh, the chief manager of its central bank.

Gustav Husak is aiming at a repeat of last year's \$800m hard currency surplus, out of which it can further reduce its dobts to the West, Mr Kroh said in an interview in In line with other orthodox mem-

vakia publishes no figures on foroign debt, but western estimates put it at \$3.4bn last year.
Mr Krob said the \$50m loan which Czechoslovakia raised this summer from West German, Austrian, U.S. and Japanese banks was "for us a symbolic question of get-ting back on to the Euromarkets"

mediate further financial borrow

Imports from the West remaine tied to the general need for a hard currency surplus, typified by the fact that in the first eight months of the year Czech exports to the UK were, at £74m (\$111m), running 226m ahead of British exports to

For essentially political reason target of a 2 per cent increase for

the whole year is met.

Proud of being conservative in

Czechoslovakia

the Husak Government has never admitted to the slight drop in na-tional income of 1981-82. But Prague officials are clearly relieved to have better figures to report now a 3.2 per cent increase in national income in the first half of this year,

the sense of prudent, the Czechs are casting n cartious eye on limited economic reform elsewhere in after the 1981-82 credit squeeze on the Soviet bloc.

Soviet missile plan

Continued from Page 1

sak. of Czechoslovakia. It was pre- both East and West sented as being in accordance with an understanding reached by the governments of the Soviet Union, the German Democratic Republic and Czechoslovakia."

In practice, these are the two Warsaw Pact countries with the highest concentration of Soviet forces on their soil. They enjoy the least autonomy in military matters. Neither Poland nor Hungary was mentioned in the Moscow state-

lowed a meeting in Prague between of the Soviet Union's defensive corleaders of the two new host nations, don. Romania has actually refused Herr Erich Honecker, of East Gerto step up military spending and many, and President Gustav Hur has called for missile reductions by

Dissent has also been expressed in other East European countries, including East Germany itself. where the main Communist Party newspaper, Neues Deutschland this weekend prominently carried a letter from an East German Proles- year. tant group in Dresden.

The letter said the signatories were "dismayed" by the prospect of missiles also being deployed on ment although they too form part East German territory

Apple sharply lower in quarter By Paul Taylor in New York

APPLE COMPLTER, the once fast growing U.S. personal computer maker now facing fierce competi tion from other manufacturers including International Business Machines (IBM), yesterday reported sharply lower fourth-quarter profits. However, it still managed to post n 25 per cent earnings increase

The company said its fourth-quarter earnings ending September 30 fell to \$5.1m or 8 cents a share from 518.7m or 32 cents a share in the same period last year on sales which nevertheless increased from \$175.8m to \$273.2m.

The sharp reversal in Apple's profitability is apparent from the full-year figures which, despite the poor fourth quarter, increased to \$76.7m or \$1.28 a share from \$61.3m or \$1.06 n share on net sales which soared by 69 per cent to \$982.8m from \$583.1m.

Apple's poor fourth-quarter re-sults had been widely expected fol-lowing warnings last month from Mr John Sculley, Apple's recentlyappointed president and chief ex-ecutive officer, that earnings would be hit by market conditions and special write-offs. That prompted a sell-off of Apple stock, with more than n quarter of the Californiahased company's market capitalisa-tion being wiped out in a single day. Since then Apple's stock has con-tinued to be buffeted by growing

concern on Wall Street about a shake-out in the industry. Yesterday Apple's shares were trading at around \$19%, down 50 cents since the close on Friday, compared with S62% just four months ago. Mr Sculley, who joined Apple in

May from Pepsico, said of the results yesterday: "As previously announced, in the fourth quarter market conditions and several strategic decisions which were made to strengthen the company caused a reduction in earnings from the third quarter of fiscal year 1983 and the fourth quarter of fiscal year The factors affecting fourth-quar-

ter earnings included write-offs as-sociated with the transfer of the manufacture of the Lisa computer to volume plants in Dallas, Texas, and Cork, Ireland, and earlier this month Apple laid off 40 per cent of the worldorce at its plant in Carrolloon, Texas, because of flat sales of its Apple IIE computer.

• Warner Communications has delayed the production and marketing of its two higher-priced Atari computers, the RPNPXL and the 1450 XL. The decision, following losses of more than \$500m in the Atari unit so far this year, is seen as a reaction to the expected launch in the next few weeks of IBM's much heralded Peanut computer.

Budget deal averts Danish election threat

By Hillary Barnes in Copenhagen

DANISH Prime Minister Poul Schlüter rode out a new threat to his four-party minority coalition Government yesterday when he won support for some of the main items affecting the 1984 budget in o deal with the social-liberal Radical Party and the anti-tax Progress Party. This assures the Government of the majorities it needs for its economic policy.

The agreement was hammered out after 10 days of intensive negotistions. Mr Schlüter had warned that if there was no deal by the beginning of this week he would

won only a short breathing space. The opposition social democrats are pressing for an early debate, possibly on Novomber 3, on the issue of Nato deployment of medium range missiles in Europe. On this occasion the Radicals are expected to join the socialist parties in criticising the Government's continued support for Nato's 1979 twin track decision, which could precipitate a new Government crisis.

Yesterday's economic policy deal means that planned 1984 budget im-provements (both cuts in spending and increases in revenue) totalling DKr 10bn (\$1.1bn) have been reduced to DKr 7.8bn, but the Government promises to make the figure up to DKr 19bn by finding new spending cuts later. Finance Minister Henning Christophersen said the deal will bring the budget deficit down from about DKr 62bp in 1983 to just under DKr 60bn next

One major item to be dropped was the Government's proposal to make the wealthiest 20 per cent of the population pay for some medi-

THE LEX COLUMN

Dial Telerate for Reuters

The dollar may still be a favourite financial refuge at moments of uncertainty, but yesterday's respon to the weekend's tragedy in Beirut was muted. There was a degree of early gloom on Wall Street, reflecting a worse turn in the MI statistics, but things seemed more cheerful when the market had excellent third quarter results under its belt from General Motors and Sears.

Telerate

Anyone closely monitoring the value of Reuters ahead of its flotation was picking up some interfer ence from a foreign station yester day as Telerate announced an 80 per cent jump in its net income for the year to September, to \$20m. Reuters screens showing a £1bn price tag for the coming offer attracted particularly heavy static, but it might be a little premature for viewers to adjust their sets.

Telerate has not raised its rental charges for three years and a re-markably consistent, fast growth rate has been built on the aggressive expansion of its network. Of 11,200 sets installed in September, about 3,000 are outside the U.S. and there is no doubting the potential for Telerate internationally. Since Exco acquired control of the company in June, Tolerate appears to have injected rather more urgency into the non-U.S. marketing efforts of its 49.9 per cent owned joint ven-ture with AP Dow Jones.

With no borrowings and cash just over \$70m at present, Telerate's baiance sheet should have no problems funding the bardware required. Net income of perhaps \$23m for calendar 1983 could grow to \$33m or

more next year.

At \$0.48 per share, the latest 12 months' earnings have been only slightly diluted by the 4m new shares issued in May, which raised \$80m cash, Telerate's shares still stand around \$20 each, implying a multiple of 42 on an actual tax ba-

Applying the same valuation to Reuters on the basis of an estimated £55m pre-tax profit for this year produces a capitalisation of over £1.7bn. But the market will surely demand some discount from the Reuters shares to take account of the group's other less exciting activ-

There seems no reason, though, why Telerate's own success should cast a shadow over Reuters: the two networks provide far from identical services and their rivalry looks a powerful catalyst for the aggregate

Tate & Lyle

When Tate & Lyle set the seal on its financial rehabilitation with last month's rights issue, one skeleton was still rattling noisily in the cup-board. Zymnize, the Canadian high fractose corn syrup producer, was the one clear remander of Tate's earlier history of commercial mis-

In its brief six - year history, everything that could have gone wrong with Zymaize has Construction costs overran, teething prob-lems developed and the depressed world sugar price made the product hopelessly uncompetitive on the Ca-nadian market. Even now, the sugar price would need roughly to double for Zymaize to make money at the pre-tax level.

The problems loomed even larger for Redpath Industries, the 51 per cent owned Tate subsidiary which holds the half share in Zymaise. So the proposed deal by which Red-path will hand over its stake gratis to John Labett, the other Zymaise portner, looks sensible for all con-

Tate will take an extraordinary write-off C1.5m but, in exchange, will be shot of consolidated losses which totalled around C514m pre-tex in the year to September 1963, and of debt amounting to about CSX3m. The effect should be to

leave Tate's belance sheet virtually ungeated, a lar my from the dark days of 1976 when borrowings totted up to Cilian. Net worth in the September bal-

ance sheet should be not far short of £300m, so Take now has room for of Laters, so have now our room for an acquisition in the C190m plus bracket. Recently the company has been winning plaudits almost all round – yesterday the shares rose another on to 3540 – but its biggest test lies ahead.

which to make its exit from the edi ble oil industry, fanding over its oil business for about £14m, close to net asset value and probably not far short of twenty times last year's not

Overcapacity in the UK, where the whole refining industry has been running at around 70 per cent of its technically possible output, has combined with the svailability of low cost imports from the EEC to depress crushing margins in the last few years. Bibby has now decided that this is an erratic activity in which the likely returns do not justify the necessary investment.

Bibby's decision must have been hastened by the emergence of a new competitive combination raria-er this year, forcing Bibby to choose between building up its own market position (at considerable cost) or finding a way out. This has now been provided by Bunge, an international company with large enough resources to take on this secpensive challenge.
The deal takes Bibby's balance

sheet into net cash, adding to the scope for investment in areas where the return is nearer to the 24 per cent achieved in Bibby's other businesses last year than the 5 per cent gleaned from oils, the shift away from agriculture will surely

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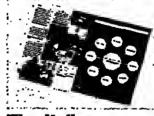
NEWS REVIEW

BP orders telemetry outstations

BP Potroleum Development Limited has ordered an evaluation model of o foult tolorant high rellability telemotry outstation from Forranti Computer Systoms Applications for the out-station include relaying data to operate oil and gas pipe-line valves, chemical plant control and communication of control and communication of fire and gas hazard detection information. The outstation will include triplicato func-tional units operating in parallel and ensuring extremely high reliability.

Communication

specialists Ferranti has published a brochure entitled "Communication Specialists" which summorises the Group's mony years experience in the design and implomentation of



The Italian connection

In its first year of collabora-tion with GTE Tolecommuni-eazioni of Milan. the Communication Systems Group of Ferranti announced orders for transmission products approaching film sterling. Customers include British Tolecom and Mercury Communications.

Briefly . . .

A new Information Tech-nelogy Centre (ITeC) has been opened by Ferranti in conjunction with the Man-powor Services Commission. Teradyne Connection Systems Inc has iteraced Ferranti to manufacture and market Tendype "Dynamic Reten-tion" press-fit backplane interconnection systems in

COMPUTERS

The Royal Navy has sciented

Argus naval data link

Ferranti Computer Systems to develop and manufacture prototype Data Link Pre-Processors (DLPP). These will be based on the Ferranti Military Argus Compact (MAC) computer. By provid-ing the dota link function with a dedicated "front end" computer, the DLPP will remove a major part of this function from the AIO/CIC system processor and enable easier implementation of enhancements and modifica-

Although primarily intended for integration with current and future R.A. systems, DLPP will have sufficient flexibility to be reconfigured to suit other roles and also to manage the transfer of data between two or more-links operating concurrently, The provision of a reference system on the DLPP is also likely to ease interoperability trisis between different

OIL PRODUCTION

Measuring the flow

Limited has signed a contract with Ferranti Data Systems Group for the supply of tele-control equipment for use on the Messmorran Braefoot Bay Complex operated by Shell Esso.

A pipeline conveys various notural gas liquids from the gas-fractionating plant at Mossmorran in Fife, to the torminal of Braofoot Bay on the Firth of Forth, for load-lng on to sea-going tankors. Ferranti is installing Mk 2A tolecontrol oquipmont at both sites to monitor plant stotus, such as volve positions, and performance paramotors such

as pressure, temperature and flow. Information will be passed to control centres at both ends of the pipelipo for use in the process computer and for display on minic diagrams so that both centres will hove full information regarding the operation status and integrity of the

status and integrity of the complex.

The Mossmorran Torminal Unit (MTU) will pass digital information to the Remote Terminal Unit (RTU) at Bractoot Bay for display on a mimic diagram. The RTU will return digital, alarm and analogue information to the MTU for use at Mossmorran.

• TELEPHONES

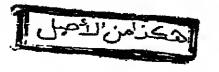
£1m exchange for ICI

A Ferranti GTE computercontrolled PABX (Privote
Antomatic Branch Exchange)
has been installed of ICI.
Billinghom, Teesside. Installation value is oround £1m
and the GTD-1600 digital
PABX provides 3.300 extensions. The system has greatly
improved the site's communication. improved the site's communi-cations officiency and enables

handling their account. This facility also helps relieve the switchboard operators of the more tedious routine work new customers whilst saving



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SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Tuesday October 25 1983

James Buxton in Rome looks at the challenges facing an Italian state-owned conglomerate



National Intergroup returns to profit

By Terry Dodsworth in New York

NATIONAL Intergroup, parent of National Steel, the fourth largest U.S. steel company, achieved a turnround to net earnings of \$18.2m or 80 cents a share in the third quarter to September, compared with losses of \$92.5m in the same period last year.

National'e figures include an exceptional gain of \$12.8m on the exchange of common stock for debt, but Mr Howard Love, chairman and chief executive, said that operating profits from the company's core steel business improved in the third quarter and should show further advances in the final quarter. "Our restructured flat-rolled steel plants are now operating more efficiently and at approximately 90 per cent of capacity," he said.

In the first nine months of this year, National's losses totalled \$116.4m, including a \$100m write off on the sale of its Wierton steel division. This compares with a loss of \$180.8m in the same period of 1982. • Armeo, the U.S.'s sixth largest steel company, announced a large jump in third-quarter losses to \$421.5m net against \$122.6m in the same period a year ago. This increase was mainly caused by a \$235.9m charge against the close-down of its Houston facility, but it also took an additional \$60.8m charge on a write-down of assets.

For the first nine months of this year, Armeo's net loss has now ris-en to \$625.7m against \$162.3m last year, while sales have fallen from

Xerox to pull out of city

XEROX, the U.S. diversified office the "High Street" computer retail network it has build up over the

In a surprise announcement, Xerox said it had signed a letter of intent with a group of Dallas-based investors to sell almost all its 54 U.S. city-centre stores, which it opened to sell Xerox computers and

office equipment. The decision marks a significant change in marketing strategy for the group, which, together with International Business Machines (IBM) pioneered the introduction of own hrand" retail computer and of-

fice equipment stores across the Xerox said the move was made necessary by changes in the mar-ketplace. Specifically, Xerox believes the rapid expansion of com-puter retailers selling a wide range of equipment in the U.S. over the past few years has made Xerox's

In August, Xerox announced the signing of its first contract with a retail chain

New fund offer for Sulpetro

By Robert Gibbens in Montrea

SULPETRO, a Western oil and gas producer, which two years ago bought Candel Oil for C\$600m (\$488m), has confirmed that undisclosed interests have offered to invest C\$150m of new funds in the

The investors would buy 10m Sulpetro shares at C\$7.50 a share and a C575m 10 per cent convertible debenture. Sulpetro said it will make a decision this week on

whether to accept. Sulpetro has been struggling with a heavy long-term debt of around C\$800m incurred mainly for the

BY JOHN WICKS IN ZURICH

proposals with the commission in

the next few days.

tries had been distributed. Official • The Zurich-based Credit Suisse THE SWISS Banking Commission policy has been that banks must be has called on a number of banks to responsible for evaluating their increase provisions against soverown sovereign risk exposure, but eign risks. The banks in question, that the commission must ensure many of which are foreign conthe banks have "effective protrolled, have been asked to discuss cesses" to make the necessary judg-

Swiss move on foreign risks

This follows a survey of the for- are in relation to their financial poteign risk exposure of internationally active banks. Although the com-Banking circles contend that a "hit list" of some kind does exist. It mission president, Dr Hermann Bodenmann, said earlier this year is claimed that more than one counthat in an international comparison try has complained about its inchi-Swiss banks were in a good position

ments and guarantee that the risks

sion in the list. The commission says it will not

with regard to sovereign risks, the commission's annual report insist that any increase of provi-sions is necessarily carried out stressed that the banking system had "not remained immune" to the payments difficulties of various No "hit list" of undesirable coun-

states in its third-quarter report that "profits and costs are developing well in comparison with cautious budgeting."

The bank has already announced record gross earnings for the first half of 1983 and says that results for the years as a whole should be above 1982, when net profits reached SwFr 303m (\$144.2m).

Credit Suisse's balance sheet to-tal rose to SwFr 77.88bn by the end of September, compared with about SwFr 76bn at mid-year and SwFr 73.5bn at the end of 1982. The duefrom-banks sum rose in the third quarter from SwFr 17.8bn to SwFr



Professor Prodi: Aiming to restore IRI to health

the Christian Democrats he is not a member of the party nor has he kowtowed to them or other politicians. One of his first moves was to forbid any executive of an IRI company from having contact with politicians - all was to be done through

He has insisted that all appointments to IRI companies be made on the basis of professional qualification, not political affiliation, and be mercilessly sacked the entire boards of Banco Di Roma and of the Lloyd Triestino shipping line for in-competence and worse. Recently the heads of some senior men rolled in the telecommunications sector. "I have had some very hard battles," said Sig Prodi "but I have never been blocked on this by politicians." But steel presents a far greater challenge. Almost everyone accepts

tacitly that steel must at last be cut, talk about the alternatives." he but no one wants to accept the consays. "If the Government wanted to but no one wants to accept the con-sequences. Sig Prodi points out that two-thirds of IRI's projected loss for this year will consist of the 1.2.100bn deficit of the steel subsid-lary Finsider, due mainly to the fact that Italy has been keeping in oper-ation much more steel capacity than is justified either by the pres-ent or future market. Whatever we

manage to get the EEC to allow us by way of extra quotas, we would still have to make closures," says It was Sig Prodi who put Finsid-

er's outline plan to the unions last month. It involves the loss of 25,000 obs out of a steel workforce that has fallen only 4 per cent to 92,000 since 1974, and the closure of virtually the whole of the Cornigliano works at Genoa, as well as cuts at other plants. The plan has aroused predictable anger among the unions and there has been some wavering by Sig Clelio Darida, the Minister of State Shareholdings and Sig Prodi's boss, but so far the policy stands.

done in discussion with the unions on a plant by plant basis with early retirement for the redundant," says Sig Prodi. "But losing billions of lire ous that glaring mistits don't show up very easily. But a railway branch line and other small "non-trategic" businesses, including fer-

said about the prospect of getting strategic businesses, including fersuch a sweeping project through, ries across the Strait of Messina showing the confidence of someone who believes he has an unanswerbeing considered for sale. "IRI able case, and the fact that IRI is should be in the company of the strain by hardows." virtually bankrupt. "I prefer not to major networks," says Sig Prodi.

BY PAUL TAYLOR IN NEW YORK

quarter earnings, but earnings for

take steel away from IRI and put it into a special state agency like the railways, the cost to the state would be even higher."

Restructuring steel and ship-building is not the only part of Sig Prodi's recovery strategy. To ease the external capital shortage – IRI has asked the Government for almost L9,000hn in new funds up to the end of 1985 - Sig Prodi wants to bring more private money into IRL Several IRI subsidiaries have pri-

vate sector shareholders and some are still quoted on the stock ex-change. But Sig Prodi's policy suf-fered a serious rebuil last week when Parliament blocked a con-troversial scheme for Pirelli, the private sector cable maker, to take a stake in Stet, IRI's telecommuni-

cations holding company.

The idea, dear to Sig Prodi, of selling off branches of IRI which have little obvious need to be under its wing is not nearly as contentious as "denationalisation" is in Britain. "I can't say exactly when the clo- But individual sales tend to hit trou-

Setback for Phibro-Salomon

cess started by the previous state shareholdings minister, Sig Gianni de Michelis, of IRI subsidiaries making co-operation agreemen with foreign companies in fields where Italy lacks the necessary technology. He visited Japan recently and is soon to go to the U.S.

It's a pity these agreements always

seem to be with companies outside the EEC," he says. "Europe is ob-sessed with its flag companies." A more controversial idea is to sell off hranches of IRI which have no obvious need to be under its wing. "Denationalisation" is considered far less revolutionary in Italy than in Britain,

Nevertheless Sig Prodi had to shrug off some characterstically harsh words from Sig de Michelis when he sold a heavily loss-making farm that happened to be on IRI's books to private interests.

"IRI", he says, "is not a nationalised industry like they have in other countries, despite its recent his-tory. It must be an enterprise to lead other industries. There is no reason why it shouldn't achieve the same degree of profitability as a private company - its product mix is no worse, I certainly can't predict when it will return to profit.

"Closures are always expensive and no one can make much money with interest rates at these levels (prime rate is 18.75 per cent). We should, however, be in equilibrium in three or four years," Sig Prodi

Earnings growth continues at Sperry

SPERRY, the U.S. computer, defence systems and industrial products group, yesterday reported a continuing improvement in its fiscal second quarter earnings and said it expected the trend to contin

Net earnings reached \$31.1m or 60 cents a share in the quarter ending September 30 compared with depressed earnings of \$9m or 20 cents a share in the 1982 fiscal second quarter. Revenues increased from \$1,18bn to \$1,24bn.

The sharp improvement in earnings continued a turnround first apparent in the first quarter and lifted earnings for the half year to \$55.7m or \$1.21 a share compared with \$25.2m or 57 cents a share in the 1982 period. The 1982 figures included a 24 cents a share gain on the sale of Sperry's UK electronic systems operation, revenues were flat at \$2.45hn compared with

Mr Gerald Probst, chairman and chiel executive, said the earnings improvement "resulted from the stringent cost-cutting measures instituted over the last 18 months and from better economic conditions in several of our markets."

Despite this, Sperry's revenues continue to reflect tough competition in some of its markets, particu-larly from IBM in the mainframe computer husiness.

During the quarter, Sperry's computer systems revenue was up 1 per cent, while flight systems revenue declined by 3 per cent. This was offset by continued growth in revenues from defence business which increased by 22 per cent.

Earlier this month Sperry an nounced plans to sell its worldwide

PHIBRO-SALOMON, the Wall Brothers by Phibro, said third-quar-Street investment banking and ter net earnings fell to \$117m or 83 year the group reported net earnings of \$348m or \$2.49 a share comcommodity trading group, yester-day reported a decline in third-diluted) from \$134m or \$1 a share pared with \$239 or \$1.78 a share a year earlier.

516.53bn to \$21.17bn. The 1982 re-

Vickers operations to Libbey-Owens-Ford. The company said yesterday it does not expect the sale to two-for-one stock split earlier this affect earnings significantly in fis-

Hypobank issue to raise DM 210m

most of Italy's telecommunications ago. He is an economist and expert

groups and their suppliers, broad- on industry, but is not at all starry-

ing, shipbuikling and the auto-strada network its 1982 turnover of L37,760bn (\$23.5bn) makes it the ley. He admires the success and in-

as the vehicle by which the state ing the laws of political gravity, could play a leading rola in developThough appointed at the request of

BY JOHN DAVIES IN FRANKFURT

"IT'S NO good asking me whether the politicians have the necessary

courage. You must ask me whether

I have. I'm going ahead with these cuts because I believe that the joh I

took on a year ago to restore IRI to health requires them, even though they are unpleasant. I haven't

moved a comma from what I said 1

That is the strategy of Professor Romano Prodi, the chairman of IRI, Italy's chronically sick state indus-

trial holding company, and the man who has largely taken upon his own shoulders the task of drastically cutting Italy's previously untouch-able steel industry. His determin-

ation and bluntness make the politi-

cians cringe but none has yet dared

Running IRI is one of the most

extraordinary and most unappeal-ing jobs industry has to offer any-where. It is a colossal rambling em-

pire, consisting of more than 1,000 companies including banks, steel

casting, Alfa Romeo, Alitalia, ship-

ing, shipbuilding and the auto-strada network. Its 1982 turnover of

biggest enterprise in Western Eu-

IRI, Istituto per la Ricostruzione

Industriale, was founded under Mussolini in 1933 as a temporary

measure to deal with the depres-

sion. But the temporary became the

permanent and IRI came to be seen

rope, apart from oil companies.

disown him.

ing key industries. By the 1970s that objective had been largely obscured by the Government's re-

quirement that IRI keep going in-

dustries no one dared close, make

uneconomic investments in the south and provide patronage in the form of jobs for the politically de-

and of government inability to fi-nance IRI properly, is that IRI's debt is almost as great as its turn-over - L25,000th at the end of last year, and its losses are rising from L2,670th last year to around 13,000th this year. Although IRI

L3,000bn this year. Although IRI, which employs about 550,000 people, includes some strong compa-

nies and will have a gross operating

margin of L6,000hn this year, it

lind preservation of the status quo

and ready tolerance of inefficiency.

No one feels this more strongly
than Sig Prodi, who is 44 and be-came chairman of IRI almost a year

eyed: he is as down-to-earth as one

ventiveness of the small Italian

husinessman, but does not do any-thing to transform the Italian econ-

omy. "Italy does not have a very

promising future ahead of it. Neith-

To make that transformation Sig

Prodi sometimes seems to be defy-

er will it write much history."

holises the state-rum economy's

BAYERISCHE Hypotheken und closed in trading on the Frankfurt Wechsel Bank, one of West Germany's largest banks, is raising DM 210m (S81m) in a one-for-eight rights issue.

At the same time the Munich-rights issue would increase the bank's capital and reserves to more

equipment group, said yesterday that it would again recommend an than DM 2bn. that it planned virtually to abandon | 18 per cent dividend on this year's

Bayeristhe Hypo is increasing its capital by a nomical DM 60m to DM 539m. Each share, with a nominal value of DM 50, will be offered at a price of DM 175.

The price of the offered shares is more than DM 100 cheaper than the price at which the bank's shares tain the dividend level.

Singer maintains progress

By Terry Byland in New York

SINGER, the world's largest mamabased bank expressed confidence bank's capital and reserves to more systems, power tools and other inthat it would again recommend an than DM 2bn. The capital increase is its first turn to profitability in the third since 1980 and would increase the quarter of the year. base from which to expand busi-

Net income for the three months totalled \$8.8m or 43 cents a share compared with a loss of \$4.7m in the same period last year. Sales were barely changed at \$606.7m. For the first nine months, Singer,

which has substantially restructured its operations and now focuses its hopes of growth on its aer-ospace divisions, has turned in a net profit of \$17.7m or 79 cents a share compared with a profit of \$300,000 a year ago. Net figures for both the third

quarter and nine months are distorted by tax credits and credits re-lating to operations now discontin-

At the operating level, profits for the nine months show an increase from \$46.9m to \$71.6m on sales of \$1.8bu against \$1.9bu.

Mr Joseph Flaven, chairman, said the improved results reflected the "strong growth of our aerospace electronics operations and significant improvements in North American and European sewing." But international business, he added, was adversely affected by continuing economic problems in Latin America. The North American consumer products group turned an operating loss of \$500,000 into an operating profit of \$17.1m in the third quarter. The loss in the European sewing division was halved, helped by cost savings and favourable foreign ex-

U.S. medical groups plan \$1bn merger

TWO LEADING U.S. hospital management groups, Lifemark and American Medical International, are planning to merge in a \$1bm transaction which would create the second largest company of its kind in the country.

The agreement, widely expected after Lifemark announced that it was talking with potential partners,

Unter the terms of the deal, the amalgamation will be structured as a takeover of Lifemark by American Medical, which will issue 1.7143 shares for each of Lifemark's 218m shares. Based on American Medical'a Friday closing price of \$21 a share, Lifemark shareholders will receive \$46.50 a share against a closing price of \$30.25 on Friday.

The two companies claim the data processing American Medical earned S101.5m in the year to Auwithin a given year, nor that a bank 18.6bn while advances to clients gust on revenues of \$1.88bn, while will have to show a loss as a direct dropped from SwFr 35.1bn to SwFr Lifemark made \$27.8m on sales of \$483m in Calendar 1982.

the first nine months continue to be substantially higher than last year. facturer of sewing machines and a maker of navigational guidance through the acquisition of Salomon for the first nine months this

(90 cents a share fully diluted) in the same quarter last year on revenues which increased to \$7.13bn

sults.have been restated to reflect a

Sharp gains for FCA as deposits pile up

Sales boost for Eaton

HIGHER SALES and profits were the company was "ideally posi-announced for the third quarter at tioned to harvest the truit of a pro-

electrical products. totalled \$22.4m or 72 cents a share
Mr. E. de Windt, chairman and against the loss of \$4.9m previously

chief executive, said that the recov- on sales of \$657.1m compared with

ery in the U.S. economy was \$565.3m. For the nine months, Ea-

spreading to more of Eaton's major ton has earned \$52m or \$1.73 markets, and with stringent cost-cutting measures now taking effect, Sales have held steady at \$9bn.

BY WILLIAM HALL IN NEW YORK

its third-quarter earnings, with net income up from \$6.8m to \$48m. The assets of the company, in-

cluding the First Charter acquisition made earlier this year, in-creased to \$22.3bn from \$5.6bn a

Mr Charles Knapp, chairman and chief executive of FCA, says that for the first nine months of 1983,

Eaton, the Cleveland-based manu-

facturer of vehicle components,

semiconductors and electronic and

electrical products.

FINANCIAL Corporation of America (FCA), parent of the biggest savings and loan association in the U.S., has reported a sharp jump in its were \$17.6bn at September 30 1983, against \$4.9bn at December

. It said that banking business this

year was very satisfactory. Despite the need once again to make con-

siderable provisions for risks on

credit business, the management

Real estate loan volume for the first nine months reached 57.5bn, with an average yield, excluding the effects of fees, of 12.33 per cent. The substantial volume during the period increased American's de-ferred loan fees (unrecognised in-American Savings and Loan Asso-ciation's sales network produced a record \$5.8bn of deposit growth, ex-ods

ductive economic season.

Net income for the third quarter

million square metres and sales for the 12 month period ending August, 1983 in excess of £181 million. change factors.

By Our New York Staff

will create a combined operation owning 134 hospitals concentrated in Texas and California.

merger will result in substantial overhead savings, particularly in

Trend of Earnings

WEDISH MATCH

Following a period of extensive structural re-organisation, Swedish Match today is an international corporation with a strongly decentralised operating structure comprising the groups Tarkett (flooring); Match (matches, lighters and associated products); Akerlund & Rausing (packaging); Doors; Kitchens; and Other Activities (including Alby Klorat and real estate administration). Headquartered in Stockholm, Swedish Match operates through some 150 subsidiary and affiliated companies in 40 countries throughout the world. The

corporation employs more than 31,000 people. Shares of the parent company have been quoted on the London Stock Exchange since 1922 and are also quoted on the stock exchanges of Stockholm, Paris, Brussels, Antwerp, Amsterdam, Basle, Bern, Geneva, Lausanne and Zurich.

Tarkett produces vinyl, wooden and textile flooring. Recently the group has almost doubled its sales as a result of US acquisitions and Tarkett is now the world's second largest producer of flooring with a total annual production volume of 60

Match
Match is the most internationally diverse group within Swedish Match. It was the first operating section within the corporation and now has factories in some 30 countries throughout the world. In addition to matches, the group also produces lighters and other related consumer products, and is active in the fields of forestry and trading. Group sales for the year ending 31 August, 1983 are £158 million.

Akerlund & Rausing
Akerlund & Rausing is uniquely experienced within the fields of packaging materials
and systems. It works with highly developed
techniques and advanced combinations of

fferent materials to handle distribution. The group is well prepared for further international expansion. Sales for the 12 month period ending August, 1983 amount to around £126 million.

Doors
The Door Group is the Nordic area's leading manufacturer of a complete range of doors—internal, exterior and high-performance. The group recorded sales of £62 million in the 12 month period ending

The Kitchen Group is the largest producer of kitchen units and other cupboards in the Nordic countries. Sales attributable to the group between September, 1982 and August, 1983 were £55 million.

Other Activities Swedish Match is also involved in a number of other operating areas -including chlorate production and the manufacture of particle board, as well as real estate administration. Sales for this group amounted to £110 million for the year ending 21 August 1982. 31 August, 1983.

Financial Highlights

Rate of exchange as at \$1 August, 1969.

The favourable trend of consolidated earnings noted during the first four months of 1983 continued during the second four month period. Sales for the 12 month period ending 31 August, 1983 totalled £692 million, a 10 per cent increase over the figure for the preceding 12 month period. The results after financial items for the same periods were £29 million compared with £13 million respectively.

A considerable improvement in the result after financial items is expected for the full year 1983, as compared with 1982. It is estimated that the result after financial items for the full year 1983 will be in the region of £34 million.

Trend of Earnings (on a moving annual total) (Amounts in £ million)	Sept 81 – Aug 82	Jan 82 - Dec 82	Sept 82- Aug 83
Sales	632	637	692
Operating result	36	40	47
Financial net	22	-22	—18 ·
Result after financial items	13	18	29
Return on capital employed, %	11.5	12.9	14.4
Earnings per share, £	0.78	0.93	1.55
(Annual accounts are prepared on the calendar year)		



1982

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Australia to

relax SE

broking

restrictions

THE AUSTRALIAN Associated Stock Embanges (AASE) is

prepared to introduce big changes to its membership rule; by next March, the Trade Practices Commission (TPC)

was told yesterday.

Pri

-	_	IC INDUSTRIES			PACIFIC CAS AND EL	EC.		SOURSE D		
		Third quarter	1983	1983			1989		1041	1962
uits		Revenue	\$ 955.3m 19.6m		Revenue	\$ 1.65bn	3 1.67bs	Revenue	\$ 302.8m	271.Am
		Not per share	0.90	0.111	Net per share			Net profits	18.3m 0.54	18c 0,60
<u> </u>		Revenue	2.71bn	2.69bn		6.79bn	2.64ba		\$42.3m	317.1c
\$	\$	Net per share	1.91	29,4m 1.05	Net profits Net per stare	795.5cm 2.22		Net profits	45m 1.59	58.1m 2.0
41.1m	27.1m									
		MaCDAW, MI			PF12334			TANDY		
111.2m	93.20	Third courter	1983	1982	Third quarter	1963	1982	First quarter	1983-84	1952-53
2.28	1.93	-	\$	\$	Revenue	945.8m	920.2m	Revenue	583.4m	517.1g
		Net proms	39.5m	34.7m	Net per stiere	0.52	0.45	Net profits	99.6m 0.57	53.7m 0.52
983-84	1982-83	Nime months	0.79	0.69	Revenue	2.78ba	2.62bn	,		
_ C\$	CS	Revenue	929.7m	863.8m	Net profits	327.960	243.1m			
13.5m	7,6m 0.63	Net per strare	1.79	1.58					4000	
OHAI					PPQ INDUSTRIES			•	2	198:
	4000				Third querter	1963	1982	MAL DIGHTS	20.8m	589.; 22.4n
		Third quarter	1983	1982	Revenue	930m	840m	Mine menthy	0.56	0,61
1.12bn 24.48m		***************************************	142,5m	120.8m	Net per stare	69.5m 1	43.7m 0.63	Revenue	2.2bn	225
0.37	0.24	NOT DIGHTS		10.63m 1.06	Nine months			Net per shere	1,78	\$7,9g 1,85
3.19bn	2.81bn	Rine months			Net profits	165.5m	113.5m			
58.28m 0.85	28.75m 0.32	Net profits	311.4m 19.23m 2.00	17.5m	ret per skare	2.36	1.66	TRANE		
KS					ROHM AND HAAS			Third quarter	1963	1982
1993	1982	MORTON THIOKOL			Third quarter	1983	1982	Revenue	281,9ca 9,2m	200.1m 3.7m
479.1m	470.32	First quarter 1	983/84	982/83	Revenue	458.7m	441.3m	Net per share	0.89	0.35
22.4;s, 1.06	6.4m 0.30	Revenue	479.3m	193.5m	Net per shere	1.24	0.65	Ravenue	808.4cs	604.Em
		Net profits	29.6m 1.75	14.5m		1,44ba	1.44bs	Net per share	23.5m 2.29	21.3m 2.08
75.9m 3.60	31.8m				Net profits Net per share	108.9m 4.22	61.2m 2.37			
								UPJOHN		
1983	1982	Third quarter	1983	1982		4000		Third quarter	1983	1982
		Revenue	946.2m	780,4m		3		Revenue	477.Am	430m
8.9m	16.75m	Net per share	1.56	1.02	Revenue	48.2m 7.84m	96.7m 26.17m	Not per shere	37m 1.22	20.7m 0.55
0.43	1.12	Revenue	2.68bn	2.32bm	Net per share	0.13	0.52	Nine months		1.37ba
529.712	482.1m	Net profits	58.6m	43.8m	Revenue	170,1m	324.7m	1401 PACKETS	126.5m	701,Am
0.72	29.45m 1.90		-,,,,,,,		Net profits	31,65m 0.65	101,72m 2.03	real per stiers	4.17	3.36
		OWENS-CORNING FIR	ERGLAS					U.S. HORE		
1982	1992	Third querter	1983	1962	SANTA FE IND			Third quarter	1985	1982
\$	3	Reverue	743.5m	673.4m	Third quarter	1983	1982			3
		Net per share	28.9m 1.01	22.5m	Revenue	618.5m	793m	HER PROBLE	7.7m	241.3m 3.5m
10.2	10.10	Kine mouths			Not per stere	60.2m 0,73	59.2m 0.89	Net per stiere	0.22	0.11
33.5m	21.2m	Net profits	62.1m	9.4m	Revenue	2.36ba		Reverse	867.6m.	637.9m
		net per snare	1.82	0.30	Het profits	158.0m 1.89	154m 1.75	Not per share	0.75	6.2m 8.20
		DARST BOTTOM						WESTERN AIRLINES		
1983	1982	Third quarter	1983	1982		4000	4000	Third quarter	1983	1982
382.4m	384.9m		\$	3	Third quarter	1983	1962	Revenue	323m	300.5m
		Revenue	227 Jun	204.5m	Revenue	291.3m	178.3m	Net profits	16.7m	3,470
19.8m	25.4m	Net profits	2.50	944 000	Net proffe	30 2-	21 8-	Net per cham		
19.8m 0.70	0,90	Net profits	2.5m 0.41	944,000 0.03	Net per share	39.8m 0.80	31.8m 0.63	Net per share	0.73	0.21
19.8m		Net profits			Net profits			Net per share		
	889.5m 61.lm 0.84 2.61ba 111.2m 2.26 1.57ba 1.57ba 1.57ba 1.11 0NAL 1983 1.12ba 58.28m 0.85 479.1m 22.468m 1.06 1.21ba 75.9m 3.60 1.21ba	1983 1982 83 1256 1256 1256 1256 1256 1256 1256 1256	### Third quarter #### Revenue	### Third quarter	### Third quarter	Third quarter	### Titled quarter	### Third quarter	### Third quarter	Table question 1983 1982 Table question 1983 1982 Table question 1983 1982 Table question 1983 1983 Table question 1983 1982 Table question 1983 1982 Table question 1983 1983 1983 1983 Table question 1983 Ta

These securities have been sold outside the United States of America and Japan. This announcemen appears as a matter of record only.

NEW ISSUE

24th October, 1983

Konishiroku Photo Industry Co., Ltd.

(Konishiroku Shashin Kogyo Kabushiki Kaisha) (Incorporated in Japan with limited liability)



sakura Konica U-BiX

U.S. \$50,000,000 4 per cent. Convertible Bonds 1998

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Mackenzie Emancial Corporation / The Industrial Group of Funds

Static first-half sales and lower profits for Dai'ei

(\$30m) in the half year to August with nel profits down by 19.1 per cent to ¥3.19bn. The downturn is blamed on slow sales and a higher interest bur-

Sales were just 0.9 per cent higher at Y608bn. Turnover of food, clothing and furniture was below las: year's levels and the marginal overall growth came from inter-group sales. However, sales to group com-

panies reduced gross profit margins and bigber interest payments, resulting from the purchase of a Hawaiian shopping centre, also hit profits.

During the half year. Dal'el lost Y6.2bn on the sale of 8.38m shares in the Crown company and Y1.9bn on the revaluation

Australian Supreme Court seek-

ing reinstatement as one of the registered holders of an oil ex-ploration area in the Timor Sea

that was recently the scene of the Jabiru 1A oil strike.

Weeks Australia, which has a

BY OUR SYDNEY CORRESPONDENT

DAPEI, Japan's largest super- of inventories. However, there market chainstore operator, were also Y9.2bn of special suffered a 14.4 per cent setback profits on the sale of property.

10 pre-tax profits to Y7.01bn Dai'ei hopes to schieve its Dai'ei hopes to schieve its fall year sales target of Y1.26bn compared with Y1.28bn in 1982-83 with the help of three

new outlets and the remodelling of five stores. Thanks to sales of property and trimming of inventories, interest-bearing liabilities had been cut by Y42bn as at the end of August compared with the end of February. A reduction in national interest rales will also tessen the interest burden and Dal'ei expects full year pre-tax profits of Y15bn against Y13.5bn last time. The dividend total for

Monarch sues for Jabiru stake

cent each).

The Jabiru find is thought to contain at least 200m barrels of recoverable oil,

with the prospect of significant additional reserves nearby.

the year will be pegged at Y16.50 per share including an unchanged interim payment of • IWATSU ELECTRIC, the leading Japanese manufacturer

of telecommunication and elec-tronic machinery, lifted its pre-tax profits by 5.6 per cent to

eent and the interm dividend is raised by Y0.5 to Y4
Exports of the company's major product, key telephone systems, are expected to grow by 40 per cent to Y13bn in the full year with emphasis on the The company expects foreign

exchange losses following the recent upward trend of the yen (there were YII5m of exchange losses in the first compared with a Y130bn profit in the previous year) but full year pre-tax profits are still forecast to reach Y8,6bn against Y7.7bn on sairs of Y70bn up by 16.3 per cent. The term-end dividend will be raised by Y0.25 to Y7.5.

Weeks Australia said yester-day it denies ond will oppose Monarch's claims. Weeks said that a deed dated May 8 had

Y4.5bn (\$19.4m) to the half-year to September and net profits by 39.3 per cent to 12.43bn. Sales were Y34.1bn, up by 13.1 per

One of the main proposals is to allow outside interests to acquire up to 50 per cent of the voting shares in member firms, the AASE said. There will be no limitation so the number of new member organi-

sations other than those imposed by the capacity of the exchanges' facilities," it saided. However, it is not prepared to welcome banks or life insurance companies and the

A month and Mr Ron Bannerman, the TPG chairman,
told the stock exchanges chairman, Mr Ian Roach, that he
wished to see substantial
changes to present membership
rules, "Existing restrictions on
the activities of stockbroking
pertnerships or corporations
will be retared substantially,"
Mr Roach preshiped yearerday. Perth businessmen, Mr Alan Burns and Mr Derek

Eventually, all brokerage rates will be unfixed. Pre-viously, the exchanges had argued that unfixed fees would produce undestrable attructural changes, leading to fewer brokers and a draining of funds away from the amaller exchanges—Brisbane, Adelaide, Perth, and Hobart.

assigned Monarch's former 20 per cent stake in permit area NT-P25 to Weeks and the Weeks Australia, which has a Broken Hill Proprietary. So other permit holders after 10.3 per cent interest in the Jabiru lease area, said yesterday it had received a summons that also listed Sitco Australia Petroteum (18.75 per cent). Metals, which is run by two the deed.

Nonarch failed to meet finance after Perth, and Hobsrt.

The TUC maintained suggestive that unfixed raise the permit. It said Monarch would benefit all investors and limprove the industry's efficiency. cessfully—that unfoted sales would benefit all investors and

Malaysia may agree to inquiry into BMF loans

MONARCH PETROLEUM, of Perth, has launched legal proceedings in the Western Australian Supreme Court seek-

BY WONG SULONG IN KUALA LUMPUR

DR. MAHATHIR, the Malaysian Dr Mahathir also reiterated Prime Minister, indicated at the that he still held Tan Sri xeekend that the Government Kamarul Ariffin, the former DR. MAHATHIR, the Malaysian may agree to the setting up of Bank Bumiputra chairman, a Royal Commission of Inquiry responsible for the estimated into the scandal of loans made by the state-owned Bank Bumiputra to property companies in

The move would follow mounting public pressure — in the colony.

Tan Sri Kamarul met the of Dr Mahathir's own ruling premier last Friday to explain of Dr Mahathir's own ruling United Malays National Organ-isation. Last week, two chief ministers from the UMNO party, joined Mr Lim Kit Sinag.

Government might set up a pub-Government might set up a public inquiry, or publish a White Paper on the Hong Kong loans affair. The last time a White Paper on a financial standard was between foreign and local stock Paper on a financial scandal was brokers to encourage foreign published was in 1978, relating investors to deal directly with published was in 1973, relating investors to deal directly was published was in 1973, relating investors to deal directly was to a multi-million dollar loss by Malaysian brokers. The new tax, introduced in the budget,

US\$850m lent out to Hong Kong property companies including the now failed Carrian group by Bumiputra Malaysia Finance (BMF), the bank's subsidiary

how he had no knowledge that two bank directors had authorised the loans, Tan Sri Kamarul has also welcomed a public inquiry to free him from the the opposition leader, in legal constraints regarding bank demanding a full investigation. Secrecy to answer various Dr Mahauhir said that the charges made against htm.

U.S. \$60,000,000

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

(Kongeriget Danmarks Hypotekbank og Finansforvaltning)

GUARANTEED FLOATING RATE NOTES DUE 1990, SER1ES 82



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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 24th October, 1983 to 24th April, 1984 has been fixed at 10 per cent per annum and that the coupon amount payable on coupon no. 2 due on 24th April, 1984 will be U.S. \$5,083-33.



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U.S. \$15,000,000

Certificates of Deposit due 24th October, 1984

will carry an Interest Rate of 10% per annum. The relevant Interest Payment Date will be 24th April, 1984.

U.S. \$100,000,000 National Westminster Finance B.V. (Incorporated in The Netherlands with limited liability

Guaranteed Floating Rate Capital Notes 1992

Convertible until 1986 into 10 per cent, Guaranteed Capital Borgs 1992



in accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 25 October, 1983 to 25 April, 1984 the Notes will carry an interest Rate of 91% per annum. The interest payable on the relevant interest payment date, 25 April, 1984 against Coupon No. 7 will be U.S. \$252.58.

By The Chase Manhattan Bank, N.A., London Agent Bank

Programme plans for cable television

IN THE last two weeks, ocores of businessmen have heen under interrogation behind closed doors—the contanders for Britain's first new cable TV stations. Along with the sweaty bandsbakes has come some weighty documentation (and in at least one contant in the station of the station of the station of the sweaty bandsbakes has come some weighty documentation (and in at least one contant in the station of the sta at least one case—probably more—a video programme) detailing plans for each station if the contenders are successful.

Aunte

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mitt.

An examination of three of these presentation of three of these presentation documents (openly passed to me by the applicants, not found in a taxi) fills in many of the missing details about cable TV which until now bave been the subject of so much speculation. of so much speculation.

The three presentations relate to very different areas: Covento very dimerent areas: Coven-try, Swindon and the City of Westminster in London. Appli-cant for the first is Coventry Cable (e consortium of British Telecom, Thorn EMI and Mercia Radio); the second—Swindon Cable Services—is wholly Thorn EMI/Radio Bentyle: the third EMI/Radio Rentals; tha third originates from one of three contenders for the West End area of London—Westminster Cable Company (a consortium involving various names, includ-ing British Talecom, Kleinwort Benson, Plessey and a UK sub-sidiary of American Telavision and Communicatious). Also competing for this last area are Eagle Investments and London

Westminster Cable divide their programme proposals into three tiers—Basic, Super Basic and Premier. The first tier and Premier. The first tier costs about £7 (excluding VAT), the second a further £2, the third offers four channels at prices ranging from £3 to £7 per channel. In addition, a batch of seven further channels is reserved for interactive services, charged at varying rates—with spare capacity for DBS when it begins in Britain. A customer requiring the complete range, apart from specially-charged services such as for husiness use, might thus face a monthly bill of about £30 (excluding VAT) but as little as £7 for the basic service.

The Basic Tier proposes 14 time.

Video & Film

BY JOHN CHITTOCK

to ethnic groups, such as Carib-bean, Irish and Chinese). Apart from current services such as BBC which do not carry advertising, all of Westminster's channels in this tier would be supported by would be supported by advertising, as would the five

The interactive channels may include many of the wonders of science which have all helped to make cable seem rather unreal—telebanking, alarm services, meter reading, opinion polling, telesoftware, for example. The company intends

to "evaluate tha financial viability" of such ideas in arriving at final plans.

Thorn EMI offer similar plans, but telebetting on the interactive service plus pay-per-view for feature films. For Coventry—where about 10 per cent of the population is Asian
—their research indicated a
strong demand for Indian
films, which might provide

proposing a number of special services for business and institutional users, such as access to data bases, point-to-point computer connections and leasing of video channels for private use.

The Basic Tier proposes 14 time.

thannels as follows: BBC1, BBC2, ITV1, Channel 4, BBC-DBS, out-of-region ITV, family entertainment (drama, children's, comedy, etc.), lifestyle (bealth, games, family features, etc.), children's programmes, programmes, programmes guide, Prestel, shopping, community access channel and FM radio (this one will pull ping, community access channel slow motion, indexed picture a profit without pleating for and FM radio (this one will pull search. British Telecom has an freedom to do whatever they in foreign broadcasts of interest experimental installation of this wish to avoid making a loss.

kind at its Martlesham research centre, and the aervice can pro-

vide facilities as varied as a huge picture reference library to a programmed learning

Thorn EMI raise the possi-bility of using on one feature film channel a scrambled down-loading system to "deliver" films to customers' VCRs during tha early hours of the morning
—an idea which ABC in the
U.S. are trying out via broadcast television under tha name
Telefirst.

advertising, as would the five in the Super Basic Tier—comprising family finance, music, sports, news and classic films.

The Premier Tier, free of advertising, would comprise two feature film channels, another for culture (opera, for example), and a fourth for business and finance.

The interactive channels may include many of the wonders of science which have sil helped

Since there are many cable networks in Britain already operational under existing legislation, the expension of established services will begin in 1984—albeit limited by the small channel capacity of present installations. The new stations, largely based on fibre optics, will generally start to come on stream in 1985.

Many rude words have been spoken and written about cable in Britain, not least just two weeks ago by Mr Alasdair Milne, Director General of the BBC, at a Royal Television another channel. Society dinner. But when the In Swindon, Thorn EMI are programming possibilities appear in print as a long list of np to 30 channels, it becomes easier to appreciate that cable will provide such a variety of distractions or attractions that comparisons with TV as we know it now could be pointless.

In some cases the assessors if cable TV in Britain succeeds, it will be through its industriant provision of the specific and the cations. But if only half of what is outlined in these documents actually reaches the cable subscriber, then Britain maintain their generality of excellence and if cable is obliged—by the new Cable

SCICON'S MESSAGE SWITCHING SYSTEM

Text and data go in one

BY GEOFFREY CHARLISH

THE ART of store and forward messaga switching, which bas its roots in the management of telex messages in big companies at a central point, bas been moved onwards with the an-nouncement by Scicon of a system that will deal with both text and data (and if desired, voice) and can be customised at any time to meet a user's changing needs—without taking the system off line.

The original idea of message switching was to simplify telex rooms in large muti-site and often multinationel organisations. At beadquarters, incoming telexes would come off receiving telex machines in the form of punched paper tape, which was torn off and fed to

Most systems currently in use are based on old technology and are too inflexible to meet the growing need for fast, efficient transfer of information "

other manual machines that would distribute the message to addresses within the organisa-

In the mid-60s systems began to appear from ITT, CASE and others in which these messages were redirected electronically under computer programs that would store the incoming texts and send them forward at chosen times and with specific priorities.

Nowadays, there is an in-creasing need to switch data as well as text and the TD Exchange is designed so that microcomputers, terminals such as word processors, and host computers can be connected to various kinds of communica-tions lines. Physical internet-working can he provided hetween local, leased, packet switched and public switched telephone lines. Protocol con-versions in terms of speed. code and format are carried out antomatically.

The TD Exchange is also able to connect together several in-dependent user networks—one of Scicon's first customers, largely by clever software. The mation between offices, sites Radio Suisse, a professional system can accept messages and countries." More on 01-communications service com-character by character, asyn- 580 5599.



Penny Jackson beads up the message switching division of Europe's largest computing services group, Scicon. She is responsible for bringing the company's new Text and Data Exchange to market.

pany in Switzerland, will be using a TD Exchange to provide private networks to customers in that country. using a TD Exchange to pro-vide private networks to customers in that country. Called Datacare 3, it is par-ticularly suited to international companies requiring data links with other networks world other networks world

Datacare 3, which uses three DEC POP 11/44, with three 11/70 machines for back-un, will be able to support 500 lines, 70 separata customer networks and 100,000 messages a

A system has also been sold to Caterpillar Overseas S.A. in to Caterpillar Overseas S.A. in Switzerland in which four different makes of computer mainframe system and low speed multi-drop circuita to four countries are managed by the TD Exchange, as well as connections to the world telex

There are two other, unnamed customers bringing Scicon's sales so far to £0.5m. Next year, it expects to sell one system a month at prices up to about £200,000 each.

The exchange's virtual transparency to the user is achieved Whatever its form, each

message is translated into a common internal code, stored on disc and queued for analysis, at the end of which the system will have extracted all the necessary housekeeping data such as channel identification, priority level, and the destina-tion address codes.

Without operator intervention the messages will then be auto-matically ronted at appropriate times according to their priority as soon as appropriate lines are free.

Penny Jackson, who manages Scicon's message switching division, thinks the new system will be particularly attractive to multinationals updating their communications. She claims that 'most systems

currently in use are based on old technology and are too inflexible and limited in performance to meet the large organisation's growing need for fast, efficient transfer of infor-

Computers

BBC micro add-on

LOGICA, the UK purveyors of Kenix, the Unix-based microcomputer operating system, has signed a contract with Acorn Computers for implementation of the system on the forthcoming 32 hit "add-on" processor for the BBC micro.

Based on the National Semiconductor 32 blt 16032 semeconductor 32 bit 16032 chip, the new processor is due to appear from Acorn in the Spring of next year. The deployment of Kenix will open up wide prospects for multi-user applications of the expanded machine and for expanded machine and for more extensive use of the net-working facilities already offered by Acorn's Econet local area network.

According to Hector Hart, commercial manager of Logica's software products group, the Acorn add-on is the first 32 blt processor—and probably the most powerful micro—to which Kenix has been applied. He thinks "It will almost certainly estab-lish Xenix as the standard operating system for low cost microcomputers."

There are now 200,000 BBC micros installed and Acorn sees a buge market for the additional processors running Xenix. Logica is in London on 61-637 5171.

Materials Elastic facade

OF INTEREST to both commercial and private property owners with buildings suffer-ing from cracked rendering is on elastic facade renovation system made by BASF and introduced into the UK by subsidiary Glasurit Beck of Horsham, Sussex.

It is claimed that the system, which entails tha sequential application of several products, overcomes the age-old problem of cracks in buildings that re-open with seasonal temperature variations or additional settlement for example, and so cannot be permanently repaired with conventional products.

Developed in Germany,
Herbofier has been proved
there over 20 years says the
company; buildings treated
have shown no signs of further cracking. More from
Glasurit Beck on 0403 790332.



Security **Tagging**

humans

EUREKA, PART of security tag pioneers Senelco, has hunched an electronic dog tag for humans which emits a nuique code which can be used to control access to sensitive areas.

A plastic tag about the size of a 56p place carried around by staff can emit this code. which is then picked up and verified by a microelec-tronically-controlled sensor. It can be used to program access to only certain staff. to zone buildings and to record attendance times.

There is less risk of sabotage or misuse of the automatic system because people do not have to do anything except carry the tag, Eureka claims. No more hanting for cards.

remembering passwords or "performing various rituals to make the doors open and close," said Eureka's managing director Mr Malcolm Barker.

The plastic tags are powered by seven to 10-year batteries, and can emit the unique electronic identity np to a distance of three metro sufficient to implant receptors in walls or cellings. More from Eureka on Windsor 07535.

Software Brown's

GEOFF BROWN of Brown's Operating Systems has added extra software to his ubiquitous "Brown's Box" cluster controller which makes it possible for a wide range of microcomputers and terminals to behave as if they were IBM 3270s, the most popular ISM terminal family.
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a customer can perform local processing or talk to an IBM mainframe without changing the mainframe software.

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to be from made to the Council of The Short Sentences to be taken in the share my of the Council of the Council of the Short Sentences to be shown to be the Council of the ed for sale will open at 12,000cm, on Thursday, 27th October, 1923 and may be closed at any time thereafter. The procedure for application and an API

Logica plc (Incorporated in England under the Companies Acts 1948 to 1981 with Registered No. 1631639) Offerfor Sale by Tender by Close Brothers Limited

of 10,400,000 Ordinary Shares of 10p each at a minimum tender price of 140p per share, the price tendered being payable in full on application.

Directors and Advisers

Philip Arthur Booley Hughes, CBE, MA (Cantab.) (Chairman) Leonard Arthur Taylor, MA (Oxon.). MSc (Managing Director) Patrick Joseph Coen, BSc, PhD, DIC

Peter Crooks Harbidge, MA (Oxon.) David William Mann, MA (Cantab.) (Deputy Managing Director) David Mark Kenyon Matthews, BSc

Gordon Naizby Olson, BSc Neil John Prebble

Colin Gilbert Rowland, MA (Oxon.), D Phil Robert George Varley, FCA (Financial Director) all of 64 Newman Street, London WIA 4SE.

Professor Dr. Carl Johan Friedrich Böttcher, (Non-executive Director) Nieuwe Schoolstraat 2a, 2514 HX The Hague, Netherlands.

Secretary and Registered Office

Robert George Varley, FCA 64 Newman Street, London W1A 4SE.

Close Brothers Limited, 36 Great St. Helen's, London EC3A 6AP.

Hoare Govett Limited, Heron House, 319/325 High Holborn.

London WC1V TPB and 27 Thrograction Street, London EC2N 2AN.

Auditors and Joint Reporting Accountants Robson Rhodes, Chartered Accountants, 186 City Road,

London ECIV 2NU.

Joint Reporting Accountants Price Waterhouse, Chartered Accountants, Southwark Towers,

32 London Bridge Street, London SE19SY.

Clifford-Turner, Blackfriers House, 19 New Eridge Street, London EC4V 6BY.

Solicitors to the Offer for Sale

Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH.

National Westminster Bank PLC, 21 Lombard Street, London EC3P3AR

Barclays Bank PLC, 15 Great Portland Street, London W1A 4TR.

Algemene Bank Nederland NV, Blaak 29/34, 3000 DG Rotterdam, Netherlands.

Receiving Bankers National Westminster Bank PLC, New Issues Department, PO Box 79,

2 Princes Street, London EC2P 2BD.

Registrars and Transfer Office

Close Registrars Limited, Arthur House, 803 High Road, Leyton, London E107AA.

Key Information

The information below should be read in conjunction with the full text of this Prospectus from which it is derived.

Logica is a leading European independent computer software, consultancy and products company with an

international capability and reputation. Logica was established in 1969, has grown in impover and staff every year, and currently has some 1,600 employees.

- Logica's activities comprise:

 Consultancy and Project Management
 - Costom-built Systems: Software and Hardware
 - ☐ Software Products

☐ Office Automation Logica's clients are mainly large companies or government departments and are broadly spread over many market

Logica has operating subsidiaries in seven countries and has undertaken projects in over 40 countries.

Trading Record	Years ended 30th June	1973	1960	1981	1982	1983
Turnover (£'000)		12,914	17,905	25,853	33,168	42,185
Profit before taxation (£'000)		1,091	498	2,068	2,159	3,346
Number of staff (at year end)	728	894	1,031	1,160	1,475

Offer for Sale Statistics

Minimum tender price Number of Ordinary Shares of 10p each in issue after the Offer for Sale Market capitalisation

†Adjusted earnings per Ordinary Share for the year ended 30th June, 1983: (a) after actual tax charge (b) after notional 52% tax charge

Price earnings multiple (based on adjusted earnings): (a) after actual tax charge (b) after notional 52% tax charge

(based on indicated net dividend of 1.0p per Ordinary Share for the year ending 30th June, 1984) Net tangible assets as at 30th June, 1983 per Ordinary Share

(together with net proceeds of £5.15 million) Percentage of enlarged issued share capital being marketed:

by the Company

by existing shareholders

† Calculated in accordance with Note (viii) in Section 2 of the Accountants' Report set out in Appendix 1

Shareholders

Existing Institutions: Airways Pension Scheme Civi inchestral investments Limited

Directors, Staff and Associates:

are setout below:

Shareholders immediately after the Offer for Sale

(or behalf of the NCB Pension Funds) Croupe Drougt

F& CManagement Limited Provincial Insurance PLC Sulequard Industrial Investments PLC

Skindia Inquance Contrary Limited Suchting Shell Pensioenlands The Section Livestment Trust PLC

Auf of the fee

Percent of

Share Capital

Astrono Established Advice £3,750,000 in Onlinary Shares of 10p each £3,500,000

Principal Definition

In this Prospectus "Logica" shall mean Logica ple and its subsidiaries, or previous ultimate holding companies and their subsidiaries, or, where the context requires, Logica plc or any of its appropriate subsidiaries.

Indebtedness

At the close of business on 30th September, 1863 the Company and its subsidiaries had outstanding bank overdrafts of £4,630,700 (of which £125,708 was secured), leasing commitments of £386,635, hire purchase commitments of £387,645 and guarantees of £568,117. Save as aforesaid and apart from intra-group habilities, at the close of business on 30th September, 1963 neither the Company nor any of its subsidiaries for 30th loan capital (including term loans) outstanding, or created but unassued, or any outstanding manages, charges, or other borrowings or indebtectness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance commitments or quarantees or (except for contingents).

acceptances (other than normal trade bills) or acceptance credits, hire-purchase commitments or charantees or (except for contingent liabilities arising in the ordinary course of business) other material contingent liabilities.

At the close of business on 30th September, 1983 the Company and its subsidiaries had aggregate cash balances of £642,715.

For the purposes hereof amounts in foreign currencies have been translated innosterling at the relevant rates of exchange on 30th September, 1963.

History

Logics was founded in 1969 by a group of five people, including Philip Hughes, Len Taylor and Patrick Coen. Philip Hughes and Len Taylor, who were the initial executive directors, had already held senior management positions in the industry and had previously worked together for eight years.

From the beginning Logica set out to establish high technical standards and to achieve a prominent position in its markets of high technology consultancy and services. The success of this policy was reflected in Logica's ability to attract expert stall and to secure important contracts against larger and more established

The growth and diversification of Logica have been rapid and sustained. Both turnover and stall numbers have grown every year since its foundation. By the year ended 30th June, 1983 it had achieved a turnover of £42 million. It currently has some 1,600 employees in seven countries.

Logica's growth has been primarily from internal development which has been fuelled by a record of profitability and a policy of retaining profits. However, as a complement to this, Logica has also made a number of acquisitions, notably the operations of T.C. Hudson Associates Limited (1972), Freyberg Systems Associates, Incorporated (1981) and Planning Research Corporation (Australia) Pty. Limited (1983).

Logica has emphasised overseas expansion and is one of the leading exporters of computer consultancy and software services from the UK. However it has increasingly serviced its international business through operating subsidiaries in different countries of the world, namely the Netherlands (established in 1973), Australia (1975), Sweden (1977), the US (1979), Belgrum (1990) and West Germany (1983).

Logica obtained its original finance from Planning Research Corporation ("PRC"), a listed US professional services company. After an initial period Logica's staff held a voting majority of the shares white PRC's shareholding entitled it to a majority of the profes and assets.

Early in 1979 PRC sold its shereholding in Logica and the National Enterprise Board ("NEB") became a shareholder providing both equity and loan finance. In December 1979, institutional shareholders also subscribed for additional equity. In 1982 the NEB realised its investment in Logica and, as part of the resulting reorganisation, further insutational investors were introduced. At that time £1.5 million was raised to expand

In 1979 Logica decided to establish a division, which had been working on word-processing systems, as a separate operating company called Logica VTS Limited ("VTS"). The NEB provided separate funding for this A subsidiary of the NEB, Nexos Office Systems Limited ("Nexos"), entered into supply and marketing arrangements with VTS which were later terminated in 1982. At that time, International Computers PLC (FICL') signed an agreement with VTS involving volume orders for word-processors and a rese

Logica's record of techniclogical achievement has been recognised recently by the following awards:— November 1982 — the British Computer Society's annual award for Technological Activevement for its work on continuous speech recognition

February 1963—a criation by Computing nemspaper as "the UK company which in the opinion of Computing's panel of experts made the greatest contribution to Information Technology during the decade 1973-1983"

April 1983—the Queen's Award for Technology to VTS for its word-processor. Logics has become the largest independent UK activate company, measured by turnover or number of staff. Description of Activities

Logica's activities can be divided into four broad categories, which contributed to turnover for the three years ended 30th June, 1983 approximately as follows:

12.155

17.65

1983 Consultancy and Project Management Oustonr-built Systems Software and Hardware Software Products 200 1:33 100

Office automation contributed approximately 37 per cent of Logica's profit before taxation in 1993 (1982 – 19 per cent.) In its other activities Logica analyses as profit by its professional operating units, which encompess more than one of the categories set out above.

Each of Logica's major activities relatorces the others. Compliancy can often lead it contracts for the provision of custom-built software and hardware. Clear projects can lead to the development of new services and products. Product design and manufacture provide first-band experience which strengthers Logica's

Consultancy and Project Management

Logics undertakes consultancy assignments in computing, communications, office automation and management sciences for a wide range of clients. Examples include designing and managing the installation of worldwide corporate telecommunications for multi-national companies, defining overall data-processing policies for organisations specifying detailed requirements in computing and communications and assisting others to select supplies a negotiate contracts and install and manage systems. Management sciences projects involve planning models for businesses and proventional administrations, such as health and social security, to improve investment and operational decisions.

In addition to its work for opers, Logica has established a strong position as an adviser to the community and telecommunications industries on product policy, marketing strategy and detailed market research. Work includes advice to major US and Japanese companies seeking information on the European market, market forecasts for European and Australian telecommunications enthronies on data transmission and new reations services and detailed product definition statles for manufacturers in Europe and the US in addition to specific consultancy projects for individual offerts, Logica also undertakes multi-cheat and

-built Systems: Software and Hardware

The largest activity of Logica is designing and building complex software. Clerks are usually large organisations, themselves sophisticated and expert users of computers. Logicals rule is to supply systems that draw upon its special capabilities in real-time control and communications. Logical works an equipment of , most of the world's major suppliers of maintrame, minimand micro-computers

Logica often acts as prime contractor for the nankey pupply of computer systems. As indica has mown so has its ability to compete with the major electronic companies to its ability to compete with the major electronic companies to its ability to compete with the major electronic companies to its ability to compete with the major electronic companies to the contractor are something based on standar if products purchased by Logica from computer manufacture as a discruminanter OEL (companies quies and manufacture) agreements.

In addition to using standard hardware, Logica also designs and manufactures its own epacial purpose hardware. This enables Logica to address the needs of clients both by custom built belivare, which tailers general purpose computers to solve specific applications, and by custom built hardware. Logica has consistently maintained this dual capability rather than just being a software house, and the Directors consider that this has been a major factor in its growth, distinguishing it from many competitors.

140p

Z3p

5.3p

19.1

26.6

102%

42.9p

29.7%

35,000,000

£49.0 million

Settles a rounce.

Logical designs and sells re-unable elements of software, Such software products, which is some cases include specially configured hardware, fall into two categories—those which Logica calls "systems be mots" that are used as components in the supply of custom-built computer systems and those that are sold at wolume as standardised products in their own right. Revaltes are payable by Legica on the sale of some of these

products.

A systems kernol is used as the basis for constructing a number of computer systems for simular applications. A systems kernol is used as the basis for constructing a number of computer systems kernet. However, its existence enables Logice to transfer previously developed expertise to projects around the world and to provide lower cost and more bright tested software to chemis. For the hading inclusive, systems kernets such as FASTRXOB and FASTRANOS form the basis of funds transfer systems, whilst DIDSO provides a megated display system for foreign exchange dealing rooms. For the television inclusive Logice supplies CONTEXT, which enables television companies to implement television, and FLAIROS which provides facilities for the creation and manipulation of pictures stored in electronic form. For the energy inclusives and unlines MASTER CONTROLES forms the basis of control systems for our land water storage and dambution. INSIGHTOS and LOCIOSOS provide facilities for image producting and communic specific recognition respectively in various applications.

Logica also self-general purpose and standardised software products, primarily RAPPORT® and XENIX.

RAPPORT is a sophisticated relational database system designed by Logica to run one wide variety of computers. XENIX, developed in the US is an enhanced version of UNIX UNIX is recommoned of the world's defactor damadard computer operating systems. (XENIX and UNIX are respectively disdomarks of Microsoft

As one of the pioneers of patiware design by word-processing. Legacy has been involved in effice automatics and the early 1970s. It developed UNICOM an advanced multi-user system, for Unitaries. Since then Legacy has continued to increase inspecialist expertise, in word-processing software and local area networks. This is turn led to the establishment of valuino manufacturing facilities in Swindon in 1980.

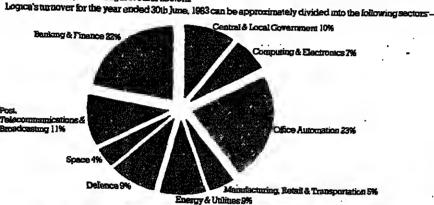
Logica currently designs, manufactures and solis the VTS COVED hance of ward-processes, powerful-surfice and solis the VTS COVED hance of ward-processes, powerful-surfice are trusts, developed from the VTS (1000), which was fare hunched by Logica in 1008. The Description believe that spies of the VTS 2000 range both drops. Proceed Logica hunched by Logica and through descriptions currently account for over 20 per cent of fedal annual rales of such machines in the UE. In the last function year 13 per cent of Logica burnows (58 per cent of in numerical state machines in strong a surficient of the VTS 2000 to ICL under a distribution agreement which is described under the first state. Sectors and Chents — office automation.

Logica also manufactures and sells POLYNET? which is a local area never is based on the Cambridge Bind technology. Systems are now arealled in the UK, the US. Austraba. Switzerland, Yogoslavia and Balv. Logica also manufactures and solls the VITESSECO, a 16 bit present business computer, beaution the VITESSECO.

The Directors believe that Lovice havene of the leading to the army development to an an Europe in word processing and local area network technology. Development of the next generation steller automation,

Market Sectors and Chents

Logica has a wide base of chemis from very diverse market sectors. The Directors behave that the quality of Logica's clients and the diversity of the applications of Logica's work distinguish it from the variety of companies which constitute its competition. They also believe that the wide spread of Logica's work over a number of sectors is of particular benefit in that at any one time any market weakness in some sectors is bleely to be balanced by the strength of other sectors.



ised below by sector. At the end of each sector there is a selection of clients for which Logica has worked during the past two years.

Ranking and Finance

From the early 1970s when Logica designed the S.W.L.F.T. network, the international funds transfer system, it has had a specialist position in the design and implementation of real-time communications systems for benks. Logica has undertaken projects involving electronic funds transfer, dealer support, automated teller machines, credit cards and many aspects of communications. In the US in particular a large percentage of Logica soperations is in this sector. In the UK, Logica designed and built the guiteway software for CHAPS, the automated payment system, which will operate as a funds transfer network linking twelve UK settlement banks and the Bank of England for same day settlement of high value payments. In addition to working for large international banks, Logica is undertaking major projects to build banking systems in developing countries currently in Iraq and Transfed. The international spread of Logica's operations is increasingly important to its banking clients.

Algemene Bank Nederland • Bank of England • Bankomatoenmaien • Barclays Bank • Central Bank of Trinidad and Tobago • Citicorp • Legal & General • Lloyd's • Midland Bank • Societé Générale de Banque/Generale Bankmaatschappij • S.W.LF.T. • Swiss Bank Corporation • The Chase Manhattan Banke The Hong Kong and Shanghai Banking Corporation • TSB Trast Company.

Since the early 1970s, Logica has undertaken a wide range of work, such as computer simulation of battlefield operations, software development for computer aided ship design and studies of signal processing systems, for research and development establishments. The activities subsequently expanded to operational systems. For example, Logica is currently conducting studies of planned major communication networks, has carned out a large amount of work for the design and implementation of new torpedo systems, and has commouned towards a number of air defence programmes. In recent years Logics has attached considerable importance to extending in defence activities into multi-nation projects by participation in consortia for Command and Communications. Control, and Communications Systems,

Marconi Research Centre e Royal Armament Research and Development Establishment e Royal Signals and Badar Establishment e Royal Netherlands Army e SHAPE e The Plessey Company e UK Ministry of Defence e

Logica has had continuous involvement in the European Space Programme since the early 1970s. For example, at Darmstadt it has led consortia to implement satellitic control systems including one for handling Europe's meteorological satellite, Meteoset. In the past year Logica staff have worked on the control system for ECS-1, Europe's major new communications satellite, and for ECOSAT, a satellite which is taking x-ray pictures of the universe. Logica is currently working on the software design aspects of new satellites, including ERS-1 for earth monitoring. Logica is working on the on-board software and validating the psyload design for HIPPARCOS, the high precision astronomical satellite. Logica provided consultancy on techniques for deep space communications to GIOTTIC, which is planned to intercept Halley's Cornet in 1983. British Aerospace PLC, Dynamics Group e Cray Research (UK) e Department of Trade and Industry (Space Section) e European Space Agency e European Space Operations Centre e International Telecommunications Satellite Corporation e Royal Aircraft Establishment.

Logica carries out work for various national post and telecommunications authorities throughout the world. Projects range from marketing and policy consultancy work to developing and installing message and telex switches and work on date processing for large edministrative tasks. Logica is closely involved in developing new technologies and helping authorities to apply them. Examples include work on video conferencing.

American Bell e British Telecom e Cable and Wirelesse Eurodata Foundation (collectively for all European PTTs) e Netherlands PTT e Nippon Telegraph and Telephone Public Corporation e Postverkete Telecom Australia e UK Post Office.

There is a rapid growth in the use of computer technology within television, with the increasing use of digital technology and developments in direct broadcasting by satellite, cable and teletext. In the early 1970s Logica worked with the BBC to develop the software for CELFAX, the world's first teletext system. From this early start Logica has become a leader in supplying teletext in broadcasters around the world. Nine countries use, or will soon use, teletext software supplied by Logica. In addition, Logica has provided a picture storage system in Austria, a submiting system for the deaf in Australia, and software and a multiple microprocessor to monitor and control the network of relevision transmitters for a commercial selevision company in the UK. BBC • Broadcasting Corporation of New Zealand • BTQ7 (Brisbane Television) • CAL Video Graphics • Channel • Television • Independent Broadcasting Authority • Keycon Electronic Publishing • Osterreichischer Rundfunk • Singapore Broadcasting Corporation • Swiss Broadcasting Corporation.

Central and Local Government

Logica is involved in providing consultancy and software for the large and complex systems required to Logica is involved in providing consultancy and soliware for the large and complex systems required to handle central and local government administration. For example, in Australia Logica has assisted the government with detailed specification and bid assessment of a very large computer system handling social security records. For police forces work includes criminal records, Command and Control, and Communication Systems. Logica has built an automatic fingerprint recognition system for New Scotland Yard that is now the basis of a product being offered to other police forces around the world.

Mail is now the Bassich a product being charter to dutier prince force selection to the Windowski and Australian Department of Employment and Industrial Relations e Australian Department of Administrative Services e Dutich Home Office Police Department e Creater Manchester Police e London Metropolitan Police e Manpower Services Commission e The Chartered Institute of Public Finance & Accountancy e UK Department of Health and Social Security e UK Home Office e UK Registrar of Public Lending Right.

Energy and Utilities

The major clients in this sector are the oil, gas and water industries in Europe and the Middle East Logica has the necessary blend of computing and engineering skills in build integrated telemetry control systems. The MASTER CONTROL systems kernel is used in computer-based monitoring and pipeline control systems. Logica's office in Aberdeen provides services to North Sea operating companies.

Anglian Water Authority e British Nuclear Poels Limited e British Petroksum e Britoll e Burmah e NV Recknianciae Gasunia e Severn Trant Water Authority e Shell International Petroleum Company.

In this and other sections Logica works for the industry of which it is a part. It advises on product strategy and provides market forecasts for computing, electronic and communications equipment. It produces TELEMATICA®, a multi-client study of information technology, which involves forecasts for such products as ne Tarrica emphesa rende of systems software, terminals, computers, communications processors and moderns. Logice particularly communications software, XENIX and RAPPORT to compute Bolle Digital Equipment Corporation. Excesson Information Systems a Ferminacturers.

Bolle Digital Equipment Corporation. Excesson Information Systems a Ferminacturers.

Bill e Japan Radio Company a Oliverti a Philips Telecommunicatic Industrie BV e Racal Data
Communications Group e Siemens a Standard Telephones and Cables a Tandem Computers a The GEC pic a THORN-EMI pic a Xerox Corporation.

turing and Retail

The perticular emphasis of Logica's work in these sectors is in the control of manufacturing processes and the automatou of the handling of goods, including automated wavehousing, as well as communication networks.

Agia-Gevannt NV e AGB Research e AEZO e British Steel Corporation e British Sagar e Ford Motor Company e Hertz Europe e ICI Mond Division e J. Sainsbury e Rolls-Royce e The BOC Group e Uniferer.

Logica has experience in the control systems associated with transportation. In London software has been developed for ticket automanon. In California Logica has a major long term project to help BART to redevelop its integrated control system. In Hong Kong Logica is a member of a British consortium designing the world's first automatic road pricing actienne. Logica wrole the software for one of the world's most advanced motorway signaling systems in the Neuterlands.

Civil Aviation Authority e Foldter e Hong Kong Government Data Processing Agency e KLM e Lockheed Corporation e London Transport Executive e Data Processing Division of Rijkswaterstaat e San Francisco Bay Area Rapid Transit District e Sea Containers e Thomas Cook.

Logics has chosen to sell its office automation products mainly through distributors, and therefore the market sector of end-users is usually not known. From its early co-operation with Unilever in 1974, Logica has had sector of entrusers is usually not shown. I from its early co-operation with uniquer in 1974, Logics has find successive product development agreements with third parties. Between 1979 and 1982 Logics has had an agreement with ICL under which it supplies a modified version of its VTS 2800 word processor, which is sold as the ICL 8801 in the UK and elsewhere. ICL has informed Logics that it intends to seek a continuing supply of word-processors from Logics in 1884. To that end ICL and Logics are in negotiations to extend the product supply and enhancement provisions of the current agreement beyond its expiry at the end of 1983. For the purposes of these negonations ICL and Logica have assumed that the quantities of equipment to be ordered by ICL in 1984 will not be substantially different from those supplied under the agreement in 1983.

Logica also sells office automation products through its own sales force in the UK and has established distributors in eight other countries. To date France has been the most successful overseas area where sales of the VTS 2200 in the last financial year accounted for approximately 10 per cent in value of total office. tion sales during that period.

Logica has recently signed heads of agreement, subject to contract, with a major systems supplier for a distribution agreement under which, subject to timely product development, Logica would supply a new range of multi-functional workstations regether with associated hardware and software products. Deliveries range of main functional workstations repetites with associated nardwere and software products. Deliveries under the arreement would commence in the first half of 1984 for an initial period of 12 months with 6 months notice of termination on either side thereafter. The minimum commitment under this agreement would be in excess of 510 million of products during the initial 12 months.

Logica will continue to seek other distributors for its products, particularly in overseas countries BKCC e Commercial Union Assurance e Crown Agents e Department of Trade and Industry e Gilman Office Machines e International Computers Limited e Jistral e Kyle Stewart e Science and Engineering Research Council e Shall UK

Research and Development

Most of the projects that Logica undertakes for its clients involve the application of advanced technologies Hence Logica stays very much abreast of research and development in the computer and communications industry. It has formal and mformal links with universities and research establishments and it participates in the formulation of national and international standards.

Logics's total expenditure on research and development during the year ended 30th June, 1983 amounted to approximately \$3.3 million, of which some \$1.2 million was recovered from third parties or by way of grants. While some of this expenditure relates to longer term research activities, such as those mentioned below. most was spent on specific product development. Net expenditure was split approxim software products and office sulomation products.

In the next two and a half years grants of some £1.2 million in relation to office automation products have been committed to Logica under the UK Covernment's Support for Innovation Scheme as well as further governmental grants of some £0.4 million for software product development.

The major research activity is Project UNIVERSE which is 50 per cent funded by the UK Government. In this Logica is co-operating with The GEC pic, British Telecom, the Science and Engineering Research Council and three universities in an experiment to link high speed local area networks via satellite communications. The Directors believe that this project could lead to exploitable technologies.

Logica staff have played a significant role in formulating the Alvey Programme announced earlier this year by the UK Covernment. Under this programme £350 million (£300 million from the UK Covernment and the balance from UK industry) is being committed over the next five years to collaborative research and development in advanced information Technology. Logica is already an active participant in this programme. The Commission of the European Communities has started the first stage of ESPRIT, a collaborative research and development programme, funded 50 per cent by governments. Logica has undertaken untial studies for ESPRIT and has had approved a pilot project in Computer Integrated Manufacturing.

Apart from research and development expending which is recoverable from third parties, with minor exceptions Logica's practice is to write off such expenditure to the profit and loss account in the period in

Project Management and Quality Assurance

Depending on the neture of the technical work and on the requirements of clients in different sectors, contracts are undertaken on either a fixed price or a time and materials (fees and expenses) bears. During the year ended 30th jupe, 1983 time and materials contracts accounted for approximately 60 per cent. of Logica's r (excluding product sales), while fixed price contracts accounted for the bala

Many of the projects undertaken by Logica are complex or on the frontiers of technology. As would be expected in such circumstances, problems can and do occur with some fixed price contracts exceeding their budgets, leading in some cases to significant loss or indivodual projects. As the size of project's has grown the Directors have laid increasing emphasis on internal management counts systems and disciplines. However the most thorough evaluation and review cannot practice the possibility of such problems. Although there are risks in fixed price contracts, they do offer the advantages of long-term forward commitments and of greater freedom to contract the afforsition of reserving the surprise as reduced by the surprise. freedom to control the allocation of resources. Logica's overall exposure is reduced by the number and

specials wide range of projects is managed by small units of professional staff, operating as separate profit centres and subminting detailed monthly financial and operating reports. Overall control of contracts is exercised by way of defined levels of anthority and in accordance with internal procedures known as "Logica standards". These cover bid preparation, contract separative and project methods. Responsibility for developing and monitoring these standards rests with a central department, which reports directly at Board level. Procedures are standardised as far as possible throughout the world by a specific liaison committee. Within Logica UK Limited the overall arrangements for quality control are approved by the Ministry of Defence to their full 05-21 standard. nce to their full 05-21 standard.

Competition

Logica is a leading European independent computer software, consultancy and products company, with an international capability and regulation.

The diversity of competition reflects the diversity of Logica's operations. In consultancy and market studies, the main competitions are divisions or subsidiaries of management consultancy firms and the major accountancy partnerships. For the provision of custom-built software, Logica competes with other leading software companies. In the UK, these are well established companies of which some are independent and others are subsidiaries of large international companies. In certain sectors, such as space and broadcasting, competition comes from specialist firms, many of which are subsidiaries of microactional electronics. companies. In office automation the main competition is from international computer hardy

Some of Logica's main competitors are also amongst its main clients and Logica may be a client of these same companies. For example, a perticular computer manufacturer may at any one time be a chent of Logica on one project, on another project it may be a sub-contractor to Logica, while on a third project it may be competing

Directors of the Company

of the Science and Engineering Research Council.

Philip Hinghes, CBE, Chairman, aged 47. After obtaining degrees in Mechanical Sciences and Economics at Cambridge University, he worked for four years for Shell International Petroleum Company Limited. In 1961 he joined Scicon (then C-E-I-R (UK)) and left if from a sentor menagement position to establish Logica in 1969. As executive Cheirman his prime commitment is to Logica, to which he devotes the majority of his time. He is a member of the Science and Engineering Research Council, the National Electronics Council, and the Alvey Programme Steering Committee. He is visiting Professor of Information Technology at University College, Loydon.

Len Taylor, Managing Director and Chief Executive, aged 48. He obtained a degree in Mathematics at Oxford University and a MSc in Physics and Quantum Mechanics at London University. From 1957 to 1961 he worked as a mathematician for Hawker Siddeley Nuclear Power Company Limited. He joined Scicon in 1961 and left if Irom a senior management position to establish Logics in 1969.

Patrick Coen, Chairman of VTS, aged 48. He obtained a degree in Chemistry at University College, Calway and a PhD in Physical Chemistry at Imperial College. London. He was a senior consultam in Scicon, before leaving to establish Logica in 1969. He is a member of the Computer and Communications Committee of the Department of Industry's Electronics and Avionics Requirements Board and of the Office Machinery Sector Working Party of the NEDC. He is visiting Professor of Information Technology at the University of Kent.

Peter Harbidge, President of Logica, Inc., aged 50. After obtaining a degree in Modern Languages at Oxford University, he joined IBM United Kingdom Limited. In 1967 he left from a Sales Menagement position to help-found T.C. Hudson Associates Limited where he became a Director. He joined Logica in 1972 when Logica. acquired the operations of that company. David Mann, Deputy Managing Director, aged 39. After obtaining a degree in Mathematics and Theoretical Physics at Cambridge University, he worked for Scicon. He joined Logica coon after its formation in 1968 and is currently Chamman of Logica UK Lamited. He has been a member of the Information Engineering Committee

David Matthews, European Director, aged 46. After obtaining a degree in Mathematics at Exeter University, he worked on military systems for Ferram Limited. He joured Logica in 1972 and is now responsible for Logica's activities in Commental Europe and the Middle East.

Gordon Olson, Managing Director of VTS, aged 43. After obtaining a degree in Electrical Engineering at the City University of London, he worked for GEC Electronics Limited, Data Dynamics Limited and Varian Associates Limited in various engineering posts. He joined Logica in 1973.

Neil Probble, Commercial Director, eged 39. Having worked for Unilever Research Laboratory and then Standard Telephones & Cables Limited, he joined Logica in 1970. He is responsible for project control, quality esurance and contracts policy.

Colin Rowland, Managing Director of Logica UK Limited, aged 39. He obtained a degree in Chemistry and a DPhil in Physical Chemistry at Oxford University. From 1986 to 1971, be was involved in research in Physical and Theoretical Chemistry. He joined Logica in 1971. Rob Varley, Financial Director and Company Secretary, aged 44. He is a Chartered Accountant and worked for Charrington United Breweries Limited, Reuters Limited and Celanese Corporation prior to joining Logica

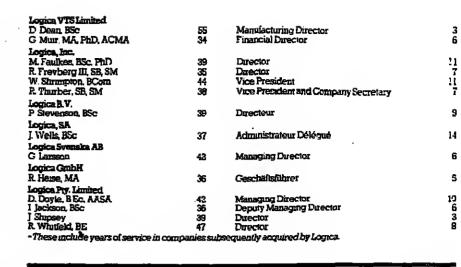
Prits Bottcher, Non-executive Director, aged 68 He is a member of the Supervisory Board of Logica B.V. and a number of substantial Dutch compenies, including Hoogovens, VMF-Stork, Volker-Stevin, Pakhoed and Cist. Brocades. He has been a member of various policy advisory committees to the Dutch government and the OECD. He has been associated with Logica since 1975. He is Professor Emerins of Leiden University.

Senior Management

C. Preddy, MSc C. Rees, MA S. Sarmiento, SB D Stanley, MA, PhD

The other executive directors of subsidiary companies are as follows:— Logica UK Limited R. Cooper, BSc C. Dam, BSc, PhD **Technical Group Director** Financial Director Communications Group Director Softwara Products Group Director M. De Val, BSc, FCA A Karney G. Kirk, BSc D. Lankey, BSc I Macteod B. Marun, BSc Management Support Director Finance Group Director

tency Group Director Industry Group Director se Products Group Director space Group Director



Staff

Logica depends for its succession the talent and motivation of its professional staff who come from a wide range of disciplines. Logica's style is an important, if somewhat intangible, factor in the attraction and retention of such people. Logica provides an environment which gives scope for initiative and local variation within an overall framework that achieves consistency of policies and principles throughout the world.

Logica currently employs approximately 1,600 people. Of the total some 1,060 are employed as professional staff whose main function is to be engaged in chargeable work for clients, 340 are engaged in administrative posts, 110 m manufacturing and 90 m sales. The professional staff is highly qualified with approximately 90 per cent, having graduate or post-practicate qualifications.

Logics conducts a vigorous recruitment programme to provide the basis for continuing growth. In the UK the main sources of new staff are universities from where approximately 130 were recruited this year. Senior appointments are, with few exceptions, filled by internal promotion. There is a considerable number of transfers or secondments of staff between various operating groups or subsidieries. The Directors consider that, in a service industry which relies beavily on the dolls of the employeed it is desirable to seek methods whereby staff are encouraged to become, and remain, shareholders in Loyica. There are now some 220 staff shareholders (including the Directors) and immediately after the Offer for Sale.

these shareholders and their associates will own at least 38.4 per cent of the issued share capital of the

Both Directors and staff shareholders have agreed not to dispose of any further shares for approximately a year after the Offer for Sale. The Directors have also accepted restrictions on the disposal of their shares on a sliding scale for a further two years thereafter.

For the future, the Directors have commissioned outside consultants to recommend appropriate share participation schemes, both for UK and oversees employees. All such schemes will be indeed to shares in the Company and the Directors intend to put detailed proposals for such schemes before shareholders for their approval in due course,

Logica attaches importance to the working environment for its stall. Office premises are well sited, usually in central city locations, and well equipped. Details of premises, all of which are leasehold, are shown in

Proceeds of Issue, Net Tangible Assets and Working Capital

Of the 10,400,000 Ordinary Shares now being offered for sale, 6,155,193 Ordinary Shares are being made available by emissing shareholders and 4,244,807 are new Ordinary Shares for which Close Stothers Limited has agreed to subscribe in cash ("the Subscription").

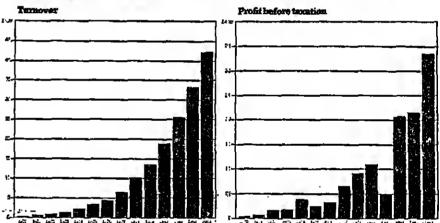
The net proceeds of the Subscription based on the minimum tender price, after deduction of the expenses of the Offer for Sale to be borne by the Company, are estimated at £5 15 million. These net proceeds will be used to reduce existing borrowings and to provide additional working capital.

The consolidated net tangible assets (under the historical cost convention) of Logica at 30th June, 1983 amounted to £9,849,000. Taking into account the net proceeds of the Subscription as estimated above, the adjusted net tangible assets of £18 0 million represent 42.9p per Ordinary Share on the enlarged issued share

The Directors are of the opinion that having regard to the bank facilities available to Logica, as well as the estimated net proceeds of the Subscription, Logica has sufficient working capital for its present requirements.

Trading Record

Logica's tracking record from its formation to the year ended 50th June, 1983 is shown below. The data has been extracted from audited financial statements, adjusted where appropriate to reflect current accounting policies and the present constitution of the Company and its subsidiaries in accordance with the basis set out in the Accountants' Report in Appendix 1.



Over the five years ended 30th June, 1963 Logica has achieved compound annual growth in turnover of some 33 per cent, and a compound annual growth in profit on ordinary activities before taration of some 30 per cent. The downturn in profits in 1980 reflected cost overruns on certain fixed price projects in Logica's Dutch operating subsidiary.

Logica has a marked seasonal pattern in its results, with profits in the second half of its financial year normally being substantially more than those in the first half. This is mainly caused by the holiday seasons which reduce the number of chargeable days of professional time and by the major influx of new graduates joining Logica during the same period.

Dividends

Other than a special dividend paid to PRC in 1979 in connection with the purchase of PRCs shares. Logica has Other than a special dividence paid to PRC in 1973 in connection with the purchase of PRCs shares. Logica has never paid any dividends because the Directors have preferred that earnings be retained to finance the future growth of the business. The Directors intend that most of Logica's earnings should continue to be retained but will now recommend that a modest level of dividend payments be made. Following the Offer for Sale it is intended that in respect of each financial year an interim dividend and a final dividend should be paid.

In the absence of unforeseen circumstances, the Directors expect that dividends in respect of the financial year ending 30th June, 1984 will amount to not less than 10p net per share. Following this Offer for Sale the first dividend which shareholders will receive would therefore be an interm dividend for the current year of not less than 0.38p net to be paid in May 1984, with a final dividend payable in November 1984

Prospects

The Directors of Logica intend to develop the business within the broad range of its existing activities. The UK software industry is widely respected around the world. Logica, as one of its leaders, can benefit from this reputation as it increasingly spreads its international operations.

Logica's existing technological expertise and the fact that a significant number of client projects are of a research nature should mean that Logica will remain at the lorefront of the latest technological developments research nature snown mean man u in the course of its everyday work. Opportunities for the acquisition of existing businesses in similar or complementary fields are continually being reviewed and, if thought appropriate, the Directors would be prepared to expand Logica in this way.

The Directors consider that it is mappropriate to make a profits forecast for the year to 30th June. 1984 at this early stage. However, at the end of September 1983 the number of professional fee-earning staff showed an increase of over 25 per cent compared with the same date last year. Based on management accounting information, revenue for the first quarter of the current financial year was over 35 per cent, greater than that for the corresponding period last year. The main markets of Locica - software and office automation - are amongst the fastest growing sectors i

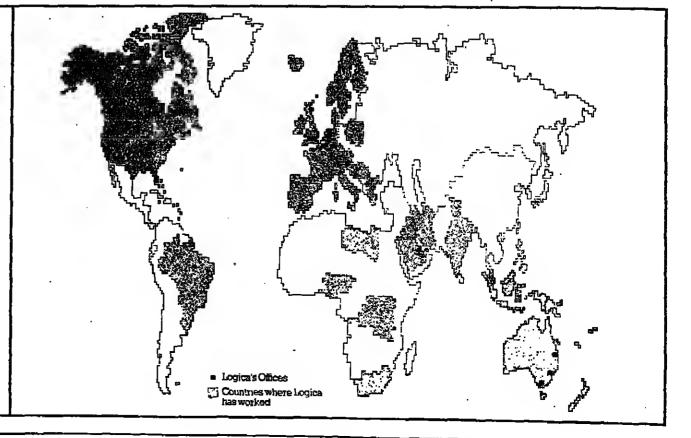
miormation technology. The value of new orders received by Logica during the first quarter showed a very substantial increase over the comparable period last year. The Directors are confident that Logica's technological expertise, reputation, client-base and management policies will enable it to maintain signification with in the foreseeable future.

Geographical Diversity

istently pursued a policy of geographical diversification. It has operating subsidiaries in seven countries, the UK, the US, the Netherlands. Belgium, Sweden, West Germany and Australia. It has undertaken work in over 40 countries to date. Many overseas projects, in countries where Logica does not have a presence, are handled from the UK and Logica is a leading exposer of polyura and consultative exposer. leading exporter of software and consultancy service from the country. According to Department of Trade and Industry figures Logica provided approximately 12 per cent of the solal exports of computer consulting and software by the Computer Services Industry in the

An analysis of Logica's turnover by location of clients (separately showing office automation, some of which is exported) for the year ended 30th June, 1963 is as follows:

Per cent. Restol Europe 12 Restof World



Appendix 1	(ii) Temover The Group humover for each of the five years excised 30th June, 1983 was as	Neer (i) Galled up given capital and capital	(Al) Conventions received
Accountants' Report	follows Years ended 30th hame	Called up Captal Reserves Share granting Share	Revolution natipleses as at 10th June, 1986 Royal announcement assessed to the year anded 20th June, 1886 Fund people 214
The following is a copy of a Fepton in the Directors of Logice pit and to the Directors of Chose Brothers Limited imade by Robbert Phodes, Chamered Accountains, the auditors and joint reporting accountains, and Price Vieterbouse, Chartered	(\$79 1960 1981 1962 (\$63	Ceptal Prenaran Total	Current and operating advantages
Accountants, post reporting accountants Price Waterhoose, Friesch Rindes,	UK 1490 1.622 16349 1630 1700 UK 1490 1.622 16349 1630 2.600 1700 UK 1490 1.622 16349 1630 2.600 1.600	900 DO Criminary Charlet of Operated a space as at 12th June 1962 90 — 90	Mentury work, sprospession Century (60) Mercyla international and supplement control c
Southwark Towers 196 City Poed, 32 London Bridge Street, London SCI V 2NU. London SCI 95 Y.	USA 22! 452 1454 4.161 5.161 Rest of World 953 1.542 1.696 2.366 2.574	Share pressure at 2004 (and 1962 — 612) 6129 6129 6129 6129 6129 6129 6129 6129	(A) 1.177
The Direction. Logica pie	2594 1795 2553 72,59 42,55	Ministry in teres as at Plan June, 1980. subsequently acquired — 4.876 4.878	
and The Directors, 20th Celeber, 1983 Clase Brothers Limited,	(iii) Profit on ordinary activities before proxion Profit on ordinary activities before proxima a grated after charging Years ended 30th Late	Inmost 18,040,000 Crainery Shares of 10peach	Your Active PRICE WATERIOUSE Charles of Acceptance Charles of Char
Gentlemen. We have examined the first or a information pet out below of Logica plat (the	1979 1980 1981 1992 1993	by stry of mentalisation of meseroes on 17th Comber. (%) become 11 813 (37 Ordinary Shares of Operath	Appendict
Company) and its orbiditiones (regether referred to as the Group) for the five years from its july, 1976 or \$100 july in 1950. The analysis of the Group throughout the period have been Roberts Riccies, Chartered Accountable.	\$200 \$200	Electron shows measured monthly inferest (1.181 (1.191) —	Premises Seton behavior de auto (la gaza sprantana, all di white de la canada de la
During the five year period a miniber of Group reorganisations have taken place, which have cruthed the greating of successive SEX holding companies and changes.	Auchinest remuneration 42 54 75 64 30 Hire of plant and machinery — 24 73 111 115	2013 2013 2016	Approx
in shareholders and the capital structure of the Order. A further capital reorganisation was undertained, effective 20th October, 1982, where by all subsidiary companies of Loyton pio have become wholly awned, other	Depreciation: the effect of the change in the command useful Lie of computer equipment noted in accounting policy (n), in Section 1 above was to reduce the	know for each of 4.946 907 Ordinary Shares of 10p count of compenius with the Offer for Silv at the mountain tender grant, less expenses of usus 425 4,724 5,143	Rent Rent Carross Dukleyer
than Logica, Inc. in which in elements a 198 per cent immority interest. The financial information set on in this report cas been prepared on the basis that the	charge for the year ended 37th June, 1983 by 5; 25,000. (iv) Interest	3,500 12,344 16,444	estate menter delice (state) forme and the former menter former and former form
Group had been in emakence with its present constitution (but excluding new shares issued in connection with this Offer for Sale) incoughout the five year period. The results for Preyberg Systems Associates, Incorporated and Flatining Research	Years ended 30th June 1979 1990 1981 1982 1982	(c) Intengible fixed exects At Such time, 1965 these comprised:	UE Aberdees
Corporation (Australia) Pty. Limited have been consolidated from their respective dates of acquisition by the Crimina The financial information is based on the audited financial statements of logica pth and its subsidiaries after making such adjustments.	CCC2 60C2 COC2 COC2 COC2	Excelopmentances 47 Goodwill 3,199	Astrony Horme, 4 Ben Accords 19 1984 and the 50,198 909
as we consider appropriate. In our cointon the financial information set out under the beading Historical Cost	This comprises: Interest payable on: Short term load 10 15 15 13 —	3.246	Cobham Cobham Park Downside R. ad 16 3 2000 5 84 8 1686 678,000 22,000 London
Accounts gives, under the historical cost convention and on the basis of the constitution of the Group as stated above, a true and fair view of the profits and source and application of finds of the Group for the five years ended 30th June, 1983 and of	Bankinterest 1:3 257 315 261 243 Interest on short term 155 1:14 — — — — Other 3 23 59 66 —	Development was counted forward relate to work on product and shoot cast to meet the requirements of amount customer and are being written of over the	Sing Print Street W 1 Leave eq Hell was 180 492,200 6,600 (agreed to
the state of afairs of the Company and the Group at 30th June, 1985. In our opinion the financial information set out under the heading Current Cost Accounts has been properly prepared in accordance with the policies and methods	Other 3 3 59 50 — 51 418 323 350 519	period covered by the contractful agreement with that cuttimet. (a) Tangable fixed assets	Fig. 40. Conf.
described in the notes' neretally give the information required by Statement of Standard Accounting Practice No. 16.	Interest receivable on: Bank deposits 5 29 81 65 162	At 50th June 1963 these comprised. Accumulated Not Cost Depreciation Sock Value	134 State 154 154 155 154 1667 155 155 155 155 155 155 155 155 155 15
No auchited financial statements have been prepared for the Company or the Group for any period subsequent to 30th June, 1380.	Other 6 — 47 —	Section Sect	64 November 2004 2 W 25 7 1995 5 M 10 1998 22000 14 750 67 November 2004 W 25 7 1995 5 M 1997 22000 25 950
Historical Cost Accounts	Interest payable (net) 223 279 308 248 57	Entriespekt do	El Langueter Road Barnet
1. Accounting policies	(v) Taxation	Faction 256 125 71 7.343 3051 4.353	Swindon Chalco Way. Rest under
The significant accounting policies adopted in arriving at the financial information in this report are as follows.	The charge for taxation on the profit on ordinary activities for each of the five years ended 30th June, 1983 is as follows:	(jv) Stock and weak in progress	Greenth, 5 to Industrial Editor 246.3/15 7 torney \$1,94,000 65,000
Transver Transver represents amounts invoiced to clients net of amounts billed to	Years ended 20th June 1979 1960 1981 1992 1983	At Mith Lag. 1977 ingrecompanied: £000 £000 First management communication: 1178 White property 15.767	California Mingret, i Avret et Luttegrat 50 1 1868, m'a m'a 1868 189 3,100 Thomas Forting Lutters Capital.
advance and excluding VAT.	UK corporation tax at 52% on	Lear Progress payment account 17.143	Three Employ a Labour Coulder, Son Flancisco Son Flancisco Son Flancisco Son Flancisco Avenue
 (ii) Recognition of profits (a) Profit or currects for the supply of professional services at pre-determined rates is taken as and when the work is halled prespective of the duration of 	profits for the year 250 10 212 520 451 Overseas textition — — 40 13 Foreign set in response of overseas	Finished quesis and goods for resale 192 5.758	Onk and Commerce Scaleling 30.6.1984 n/s n/s USS14.213 1.500 Florida
the contract. (b) Profit is taken on fixed price contracts whilst the contract is in progress.	25 179 517 256 570 517 256 570 517 256 570 517 256 570 517 256 570 517	(v) Debtors	Park Criendo Morer Meshir hase no me 1886/8:00 1,100
having regard to the proportion of the total contract which has been completed at the belance sheet date. Provision is made for any loreseeable future losses based on an estimate of the direct costs to be incurred.	Overprovision in subsidiaries in (11) 10 2 898 1.341	included or deleters are amounts littalling \$254,000 duo after more than eac year from a regiments in literate jetses. (va) Bank loars and overdrafts	Minous SIT North Phan Grove Raid Softman va 30 6 1984 n/n n/n their 200
(iii) Stock and work in progress	respect of prior years (1!) 10 3 (15) (32) Deferred trustion (63) 51 — 259 2	Gerra in submidiances had at 30th Juno, 1983 bank overdrafts totalist; p.E. 988,000 secured by insert or floating charges on their assets.	Manuschmonts Critical Region 306 1986 ma min USSS 383 4,230
(a) Physical stock and work in progress is valued at the lower of cost and not realisable value. (b) The valuescoof work in progress on fixed price contracts is adjusted to take	412 (119) 732 1,317 1,511	(vii) Creditors Included in productive are amount to billing £188,000 due after more than one year.	New York Di Richarde Flace New York - 447 flact - 447 flact - 500 1000 am 10.7 1000 US\$114.077 0.000
up profit to date or threseeable bases in adoptionable with (ii)(b) above. (c) Other work in progress is valued at cost or at estimated pet realizable value.	(vi) Entraordinary item. The entraordinary item arising in the year ended 30th june, 1990 related to the sale of distribution rights to a text landling system by Logica VTS Limited. No tax	(via) Determed transport Provision ratio per includer and transport transport of the with accounting	-45% Days 30 99; 8 170 1965 19990,000 \$100 686 That Avenue, New York
nicwer, Cost comprises Professional work in progress valued at the cost of salaries and associated payroll expenses of employees engaged on assignment and a proportion	arose on the disposal as the chargeable gain, was rebeyed against sox looses arising in that subsidiary during that year.	polary will in Section 1 above. The full potential liability and the activity provided in activities. Potential	- District Wester 4 121467-14668.544 9.00.
of attributable or erbeads. Unbilled expenses incurred and equipment purchased for clients in connection with specific contracts.	(vii) Earnings per Ordinary Share Earnings per Ordinary Share are based on the 20,755, 133 Ordinary Share; cliffy each in issue immediately prior to the issue cf4,344,807 new Ordinary Shares for	Lakiny Prevision £ 000 £ 000	Netherlands Romerdam Visity and \$1, 2011 Etc. 30 6 1988 America 1.7 1984 18244 891 16.300
(iv) Research and development	cash in connection with the Offer for Sale, and to the profit on ordinary over Los after taxation and minority interests for each your coded 30th June.	Accelerated cominal allowances 1.543 1177 Claim short term coming differences (not) 14 114	Belgium
Research costs are wither of in the year in which they are incented unless they are to be reimburged by third parties. Development costs are also written of in	(viii) Adjusted earnings per Ordinary Shane Adjusted earnings per Ordinary Shane for the year ended 30% june, 1983 only have been calculated on the 25,000,000 Ordinary Shanes of 10p each is state	19C 309	Brussels Fig. 602 Literature 80 30 8 1988 Annual 1 1 1984 BF778 104 5 (00)
the year in which they are incurred unless they are to be reimbursed by third parties or they result in the production of an identifiable salesble product.	mmediately after the issue of 4.244.837 new Ordinary States in connection with the Offer for Sale, and on the profit operations against on seather with a count interest at 10 per cent, on the set proceeds of the issue (62 15 million) coloritated	(bx) Consequent habitates Suppose that you provided understances to their bankman in support of performance unitary and quantatives given in the auditory runtion of business.	Sweden Stockholm
(v) Goodwill Goodwill is stated at তেন্দ্র কর্মে কর্মে কর্মে কর্মেকর চা ঠাক ক্রমেকর চা ঠাক ক্রমের ক্রমের ক্রমের কর্মেকর চা	ar the minimum tender price, less musculy uses est and after; (a) the actual tax change on profugnic dinary extrapas and tax at 52 per post, on the notional universit.	amountage 201. O.C. (x) Capual communicates	Normal Company (1991). 200 1984. a.a. 11 1984 SERESODO 8 100
subsidiaries over related net angible assets at the dates of acquisition.	on the normal interest. (b) a normal tax charge of \$2 per cent on pro\$1 on ordinary entyrates and an the normal interest.	At 17th Long 1989 may some surganding contrains played for applied expensioned may make by \$445,000 foundation, capital expendence authorized by the Capation for which contrains had not been placed underside to \$35,000.	Ourseasy Decreased:
(vi) Depreciation Depreciation is provided at reles calculated in write down the cost of all tampible fixed agasts over their estimated useful tires on a straight-line basis. The annual			Employance 2 D Gloc 31 2 1967 no ma D3442.788 2,700
rates of depreciation used are as it lights. Office equipment — 10 per cept.	 Consolidated source and application of funds statements The source and application of funds statements for the Group for each of the Streyouth ended 30th line, 1983 are as follows: 	Consent Cost Accounts 5. Consolidated current cost profit and loss accounts Years ended 32th june	Rostralia Brisbano
Computer equipment — 20 per cent. (for the year ended 30th June, 1983; 33½ per cent. (or previous years) Motor cars — 25 per cent.	Years ended 30th June	1982 . 1963	Lanci 4. Sderman Filipe. 2001 Westham Tember 1.8 1986 Annual 18 1984 A\$11,084 990 Melbourne
Plant — Dipercent Tooling — Stiper cent Leaseholds — equally over the of lease	266; 268; 498; 678; 678; 678; 678; 678; 678; 678; 67	Turneyer 53 165 41,65	12th Boot, 10 Colling Street 17 8 1986 2 19 8 1980 A\$28,700 1,980 Sydney
(vii) Foreign contency pranslation	Profit on ordinary activities before transion 1091 438 2.458 2.159 2.245 Exhaordinary trem	Historical man professor discriminary activates before 2,437 2,423	157 Wisher Street 11.1195 n.a. 12.1984 As. 558 1.900 - 6110-77 11.195 n.a. 12.1984 As. 558 1.900 - 6110-7 14.1975 n.a. 12.4 As. 1.000
The assets, liabilities and trading resulted foreign subtification are translated into sterling at the rate of exchange ruling at the relevant balance sheet date.	1.091 546 2.063 2.123 3.546	Carrers cost operating adjustments	Notes of All the above presention are used promotily as a file operation, except for the programme in Swanden and Barnet which are used premarily for
Differences arising on restalement of the net investment in foreign subsidiaries and related net foreign entmency borrowarps are deek with as adjustments to reserves.	Adjustments for thems not involving the movement of funds Depreciation 285 579 730 600 777	Compliance	translationing. (a) have a has absorblined into an agreement (subject to the grant of planning permits and to lease 22 Etherans South 800 Creat Partland Press.
All other differences on exchange are taken to the profit and loss account.	Deferred development costs (6) (25) (12) (3) (15) Profit on sale of fixed assets (6) (25) (12) (3) (15) Exchange differences on translation	Emposal affined across (f) (13) Current cost operating profit 1,928 2,048	Linsen Wite an initial annual tent of £315 OW Appendix 3
(vin)Deferred scration Provision is made for deferred taxation, at the rate of tax ruling at the relevant	of fixed assets and taxation habitines — 4 11 23 (55) Exchange differences on translation of the net investment in foreign	Interem recognishine 162 163	Statutory & General information
belance sheet date, it take account of mining differences between the treatment of certain frams for accounts purposes and their freatment for tax purposes. The provision is maintained to the extent that uning differences are not expected.	subsidiaries (18) (8) (27) 54 173	Interest parable (361) (143) Geating at justice: 77 48	1. Share Capital (i) The Company to the surprise the first function of the Armst 1987 standard the manual.
with reesonable probability it commue into the foreseeable future.	Funds generated by operations 1.252 1.355 2.770 2.929 4.334 Taxation refunded — — 333 172 —	Correct cost profit on ordinary activales before taxation 1,757 3 009 Taxation (1,317) (1,011)	Lockbast for Landed with elementations 153160 as a private company with Landed Labdary under the Companies Acts 1948 to 1981 and with an extracted share capital of \$1.60 datasets into 1930 Ordinary Sharesof \$1 each of which two
(ix) Finance lease income Income from finance leases is taken to profit and less account based on a constant periodic rate of return on the net cash investment in each lease.	- Taxation pard (372) (173) (5:5) (7:4) (5:5) Sale of fixed assets 56 107 204 57 12) Purchase of fixed assets (852) (1.624) (1.205) (1.232) (2.117)	Current cost profit on ordinary activities after taxation 640 1,998	much that is were exhibited and paid up in each On 13th September, 1982the
	Founds generated by the business 23 (594) 1,637 1,132 1,723	Net current cost profu retained 6:5 2001	Octaber. 1952 the Company was re-to-gistered as a public company and the name changed to Logica pile. (ii) There have been the fallowing changes in the authorised and unuspicture.
2. Consolidated profit and loss accounts	Loans received — 603 353 — 1 Loans repeid — (103) — (853) Stares issued in part consideration for		capital of the Company since its incorporate in. (a) allow Extraordinary Comerci Meeting helden 17th June; 1982 resolutions were passed; 1) to sub-divide the extraor 100 Ordinary Shares of \$1 each
The profit and loss accounts of the Group for each of the five years ended 30th June, 1983 are set out below:	new subsidiary — — 240 — Purchase of new subsidiaries — — (364) (324)	Consolidated current cost summarised balance sheet Sixth June, 1983	urle 1.000 Crabbary Struction (10p each and (21th increase the surnomed share capital of the Company to £100,000 by the creation of \$89,000 new
Years ended 30th June	Cash injections/withdrawals associated with Group reorganisations (see below) 444 181 — (100) 1,510	Fixed assets Notes £000	Outstary Shares of Repeach. (b) ends August, 1982 192,000 Critinary Shares of Repeach were issued for cash at a property 12 75 per share. The not preceded at much issue were
Notes 1979 1980 1981 1982 1983 \$\infty \text{200} \times \text{2000} \times \text{2000} \times \text{2000} \times \text{2000} \times \text{2000}	(Dicrease)/Decrease in working capital	Interrupticle assets Tampible assets (ii) 5,615	appression toly \$1.3 million, and such proceeds stone applies in temperated the practicate of 20,000 Ordinary Sharecol by each and 20,000 Orderted Starts of \$1,000 in Logica Holdings Limited (Holdings Timp NEB.
Tumover (ii) 12,814 17,905 25,853 33,168 42,185 increase/(Decrease) in stocks of finished goods and work in	Stock and work in progress (660) (649) 1 (139) (2.329)	Net current assets	(a) .cn28th August 1982 198.38C Orthoany Shares of 10peach were souted, credited as fully paid, in exchange for 800,000 Orthoany Shares of 10peach and 80,000 Deferred Shares of 11 each in Holdings held by the Directors and
progress 1,145 645 (195) 162 2,238 Revenue 14,059 18,550 25,656 33,330 44,423	Increase/(Decrease) in net Equid funds (806) 218 172 164 (1.551)	Stock and work in progress 5.914 Monetary working capital 1,177	(J) by a resolution presed on 17th October, 1993 the authorised share countrief
Raw materials, consumables	Cash injections/withdrawels associated with Group reorganisations are as follows:	5,992	the Company was increased to £3,750,000 by the creation of 36,500,000 new Ordinary Shares of 10p each. On 17th October, 1983 18 (140,000 new Ordinary Shares of 10p each to a 17th October, 1983 18 (140,000 new Ordinary Shares of 10p each to a 17th october of 10p each to
and other external charges 4.557 5.992 6.262 8.580 12.212 Shaff costs 5.934 8.366 11.219 15.695 19,969 Depreciation and other amounts written of tangible and	Cash payments to vendor shareholders (4,167) — — — (3,445) Cash subscribed by incoming	Net operating essets. 14,368	capitalization of resorted to estating holders of Ordinary Shares in the proportion of 20 new Ordinary Shares for each Ordinary Shares from held; and on 20th Ordinary Shares (1863) 1: 813 193 new Ordinary Shares of Ordinary Shares (1863) 1: 813 193 new Ordinary Shares of Ordinary Shares (1863) 1: 813 193 new Ordinary Shares (1863) 1: 813 193 193 193 193 193 193 193 193 193 1
intangible fixed assets (in) 285 579 730 800 884 Other operating changes 1,972 2,706 5,071 5,848 7,925	shareholders for new shares 2,815 1,877 — 4,935 Loans received from National Enterprise Board 1,786 — — —	Share caula: and causai reserves 11,795	reace. Credited as fully paid, in exchange for the 623 550 Orderary Shares of 10p cach and 625,650 Deferred Shares of 10p each in Holdings not already owned by the Company:
12,748 17,673 23,282 30,923 40,990	Loans'repaid to National Enterprise Board — (1,696) — (100) —	Profit and loss account 1, 198	(e) under the forms of the sale and subscription agreement described in
Profit on ordinary activities before interest and taration 1,311 877 2,376 2,407 3,433 Interest payable (net) (tv) 220 379 308 248 87	444 181 — (100) 1,510	Minurity interest in Logica, Inc. 13,681 Deferred statution 399	October 1992 it supporting for 1,241.00 new October Stories of 10p each in the Company at a price per chare organ to the sinking price under the Ofer for Sale less 2 per cent of the minimum transfer rates per share.
Profit on ordinary activities before taxation. (iii) 1,091 498 2,068 2,159 3,346	4. Balance sheets The balance sheets of the Company and of the Group at 30th June, 1983 are as follows:	14,368	(a) The following issues of strares by subsidiaries of the Company have been made within the last two years: (a) on 19th July, 1982 1,000,000 Codinary Shares of 10p each in Holdings wate.
Tenzation on profit on ordinary activities (v) (412) 113 (732) (1.117) (1.011)	Notes \$000 \$000 \$000 \$000	Notes to the current cost accounts Basis of calculation	could credited at fully part by way of capitalization of reserves. (b) on 19th law 15E3 165.00 Ordinary States of Repeach in Logica Group Lamited: Group 7 were sensed, credited as fully part, by way of
Profit on ordinary activities after transition 679 811 1,336 1,042 2,335 Minority interest — — (95) (10)	Fixed assets Integrible assets (ii) — 3,245 Taughble assets (iii) — 4,232	The accounting policies set out in Section 1 of this report apply to the Current Cost Accounts except where amended by the Items noted below.	capitalisation of reserves. (c) on 19th July, 1952 8,750 Ordinary Shares of 250 each in VTS ware surred.
Extraordinary stem (vi)48	Investments in subsidiaries at cost 8,384 — 6,864 7,538	(a) Fixed assets and depreciation. The current replacement cost of fixed assets is determined by applying relevant price indices to the original cost of the assets.	(d) on 6th August, 1962 38,620 Ordinary Shares of 10peach in Holdings were issued it cash at a micro of 111 for our share.
Ordinary Shareholders (i) 679 659 1,336 987 2,325 Earnings per Ordinary Share (vii) 2.2p 2.0p 4.3p 3.2p 2.6p	Content assets Stock and work in progress (iv) — 8,788 Debturs (v) — 12,030	The depreciance adjustment is the difference between depreciation on the historical cost of the assets and depreciation on the current replacement cost of the assets.	(e) on 25th August 1982 257 (50) Ordustry Shireard 10p each in Heldings were unsted to consider arm of a fire propagation of 27,000 October Shireard 10p costs and 35,900 Determine Shireard A Leading Group.
Adjusted Estaings per Ordinary	Amounts owed by subsidiary compenies 558 Cash and benic belances 1,030	The effect of the Change in the estimated useful life of computer equipment noted in accounting points (v) in the Historical Cost Accounts were enabled	(0) on Sen May, 1983, 1,975, 0,000 of dury Shares of Espeach in VTS ware stand about led activity road, by way of capital and proposed.
Share (e) after actual tax charge (viii) 23p	558 18,848	the current casa charge for the year ended 30th June, 1983 by \$152,000. (b) Stock work in progress and cost of sales adjustment Stock and work in progress are shown at their value to the business. The	(C) impart of the consideration for the parchase of Freeheig Systems According Incorporated on the Systember 1981 Johnson for the second of
(b) after notional 52 per cent. ax charge (viii) 5.3p	Coursent Habilities Bank Joans and overdrafts (vi). — 2,833	cost of sales adjustment rientifies the difference between the value to the purposes of stock consumed and the cost of stock charged on the historical cost basis. It is calculated using internally generated indices applicable to	manerty shareholder at 11 charact the year undeed Aith June, 1982 7, 200 maneras! Common Stock of no part value and (3) on 57th September, 1983 800 that each Common Stock of no part value. Sence for Suprember, 1981 Lagues.
Notes	Creditors (vii) 2 7.785 Taxabon and other state creditors 1 2.274	(c) Monetary workship capital admissment	that the fact that prove between USA 47 and USA 19 per alami; (b) on 17th October 1985 1.873 873 may be drawn that of the main in
Notes (i) Dividends and retained earnings In connection with a Group reorganisation effective January 1979, a dividend of	3 12,992	The monetary working capital adjustment reflects the impact of price changes on the amounts required to maintain the monetary working capital of the basiness in current cast them. It is also that the basiness in current cast them.	to server a content execute a facility band by why of capabilization of
1722,233 was paid by Logica Nederland B. V. on 23th December, 1978 to Planning Research Corrogation This dividend was declared out of relained	Net current essets 555 5,956 Total assets less current liabilities 6,919 13,434	décitors, credulars and cash associated with the day to day activitée of the business using appropriate indices	(vi) Under the attemp manufacture print the parchiest of Front beta Systems. Associated, histoproton den hat September, 1981 by Legica, inc. numeroy state hat the factor, less have the rapid to call for the state origin to \$700.
earnings as at 30th June, 1978 and is exciteded from the above consolidated profit and loss accounts. With this exception, no dividends have been paid to third parties during the five years ended 30th June, 1983.	Deferred texation (viii) 399	(d) Gearing adjustment The georing adjustment represents that portion of the current cost adjustments which can be regarded as being financed by third parties.	Level has been a second on the second of the
Profits attributable in Ordmary Shereholders in the five years ended 30th june, 1963 total 55,495,000. This, together with relevant movements on foreign currency translation amounting to £219,000 for the five year period, would give	6,319 12.0%	(ii) Tangible fixed assets	the final acts for the constant and distilling during warm were presented by Lance, lact Lorent weakdown is 8 percent of the constanting gapes of Logica, [ac.]
cumulative retained earnings of \$5,205,000.	Capital and reserves Called up share capital and capital reserves	Cross Depreciation Net	(v) Serio and control must paramaphical infondity above (d) the define of them production from must be discounted to the desire of the desire
cernings, and all retained earnings prior to 1st July, 1976, represent pre-acquisition profils in the financial statements of the Group at 30th June, 1983 and the proper partialised by the control issues and related share.	Prontam less account 507 1 527 6.919 12.815	Short (constitutes 2,806 807 2,049 CE per equation 2,017 1,511 1,406	Fig. 1 and 1
premiums. Accordingly retained earnings of the Group at 30th June, 1953 emounted to £1,520,000.	Minority shareholders' mieresi m Logica, inc. — £80	Communications 2564 1,317 1,567 1,5	control of the contro
There were no other movements on relatived earnings during the live year period.	6919 13.95	97:2 4.117 8.613	(c) to an act their execution the chargents or any of standard any middle of correct a tree acceptant make a promise any of standard any middle of correct at the acceptant make a promise any of standard any middle.
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(vi) By a Special Resolution of the Company passed on 17th October, 1983 (a) the Directors were generally emborised for the purposes of Section 14 of the Companies Act 1990 to allot relevant securities (as defined in that Section) britised in the amount of the unassed share capital of the Company at the time of passing the resolution, such authority to expire on the date of the Company's nex Amusi General Meeting; and (b) the Directors were empowered, pursuant in Section 18 of the Companies Act 1980, in allot equity securities pursuant to the authority referred to above as if Section 17(1) of that Act did not apply. This power empres on the date of the Company's next Annual General Meeting and; limited to the allotment of up to 4,800,000 Ordinary Shares of 10p each at a price to be agreed between the Directors and Close Brothers Limited, allotments in connection with rights issues to Ordinary Sharesholders or otherwise to the allotment of a maximum of 5 per cent of the authorised share capital of the Company at the time of passing the resolution.

(vn) By a Special Resolution of the Company passed on 17th October, 1963 new Articles of Association were edopted.

(viii) No material issue of strates of the Company (other than pursuant to the sale and subscription agreement referred to in paragraph 5 below or consequent upon an offer to shareholders by way of rights or bonus issue) will be made within one year of the date of this Offer for Sale without the prior approval of the Company is General Meeting.

(ix) Following this Offer for Sale, 2.500,000 Ordinary Shares of 10p each to the Company will retnam unissued but no issue of such shares which would effectively alter the control of the Company or the nature of its business with made without the prior approval of the Company in General Meeting.

2. Articles of Association. The Articles of Association of the Company contain, inter alia, provisions to the

(a) Voers of Members

Subject to disenfunctivement of emember in the event of non-payment of any calls or other moneys due and payable in respect of any shares or non-compliance with a statutory nonce requiring disclasure as to beneficial ownership and subject to any special terms as to voting on which any shares may be held (no shares having been issued subject to spacial terms) every member present in person shall on e show of hands have one vote and every member. nt in person or by proxy shall no a pall have one vote for every 10p in al amount of the statement belof by him.

variation of legins
All or any of the nights or privileges attached to any class of shares may, subject to the provisions of the Companies Acts 1948 to 1981, be varied or abrogated (a) in such manner (if any) as may be provided by such rights or (b) in the absence of any such provision, either with the consent in writing of the bolders of at least times fourths of the normal amount of the issued shares of that class, or with the sanction of an Extraordinary Resolution passed are esparate meeting of the holders of the usuad shares of that class, but not otherwise.

 Unless otherwise determined by the Company to General Meeting the number of Directors shall out be less than two. No maximum number of Directors in fixed by the Amcles of Associa

(ii) Save as provided to the Articles of Association, a Director shall not vote or he counted in the quantum present at a meeting intrelation to any resolution, or which he is debrared from voting in regard to any contract, arrangement, transaction, proposal or dealing in which he has any material interest. Subject to the provisions of the Companies Acts 1948 to 1981 the Company may by Orchnary Resolution suspend or relax such provisions to any extent or waitly any transaction not authorised by reason of a contravention thereof.

(iii) The total aggregate fees available to be distributed to the Directors of the Company texcluding any Managing or Executive Director) are £50,000 together with any additional remuneration world by the Company in

(iv) Subject to the provisions of the Companies Acts 1948 to 1981 the Directors may from time to tame appoint one or more of their body to be Managing Director or Joint Managing Directors of the Company or to hold any other Executive Office as they may decade eather for a fixed form or without Executive Office as they may decade either for a mean ferm or without humboon as to period and may remove or dismiss him or them from such office subject to the provisions of any agneement between the Company the appointee. A Managing Director, Joint Managing Director or Execut Directorshall not be subject to retirement by rotation not be taken into account modernmaning the retirement by rotation of Directors. At each Annual General Meeting one-third of the Directors who are subject to retirement by rotation (or the number nearest to but not exceeding: one-third) shall reare by rotation.

(v). The remuneration of the Managing Director and the Executive Directors. The regularization was avaisable, precing and an executive transcals shall, subject as provided in any service contract, be such as the Directors may from time to time determine, brackroon the Campany may repay to any Director all such reasonable expenses as he may man furatransching meetings of the Directors, or any committee of the Directors, or General Meetings or otherwise mor about the performance of his dries as a Director. Any Director who has made any special journeysor performand ony special services which in the opinion of the Directousire desirable be paid in addition to any Directous' less to which he may otherwise be entitled under the Articles of Association such necronable additional

(vi) The Directors on behalf of the Company may give or award pensions amunities, granufies and superannuation or other ellowinces or benefits to any present or farmer Directors or company of the Company or of ony company which is established company of or allied or associated with the Company or any such subscharty and to the wives; widows, children and other relatives and dependents of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds for the benefit of such persons or any of them.

(vii) A Director shall be capable of being appointed or re-elected a Director despute having attened the age of seventy and shall not be required to reture by reason of his having attained that age and Section 185 of the Companies Act 1948 (nelating to the appointment and retirement as Directors of persons who are aged seventy or over) shall not apply:

(viii) A Director shall not require a share qualification.

(ci) Borrowing Powers

The Directors may exercise all the powers of the Company to mise or borrow The Directors may express all the powers of the Company to raise of borrow momey and to mericage or charge its understaking, property and uncalled capital and subject to Section 14 of the Companies Act 1990 to issue-disbentures and other sections whether outright or as collisional sections for any debt, liability or obligation of the Company or any third party. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of controlling its subsidiaries so as to secure (as requires subsidiaries so fire aby such exercises they can secure) that the aggregate amount arrany one time owing by the Company and all its subsidiaries to respect of moneys borrowed. by the Company and all is subsidiaries to respect of diotelys borrowed (exclusive of moneys borrowed by the Company or any of its subsidiaries from any other of such companies) shall not at any time without the previous sanction of the Company in General Meeting exceed the sum equivalent to two the eggregate of the nominal capital of the Company for the time being issued and paid up and the ampunits standing to the credit of the consolidated reserves (including states premium account, capital redemption reserve and profit and loss account) of the Company and its subcidiaries after adjustment as specified in the relevant Articles.

3. Subsidiary Companies re are set out below details of the subscritanes of the Company all of which are rate companies and, except where otherwise stated, wholly-owned:

			Empl	cyees
Name	Country and date of incorporation	Issued	Nature of business (see note)	as at 30th Jame, 1983
Logica Holdings				
Lamited	England - 30 6.1978	£424.730	I	
Logica Group Limited.	England-14.9.1978	£170,500	I	23
Logica UK Limited	England - 13.2.1989	£110,000	п	823
Locaca VTS Lamited	England - 13.3 1978	£500,000	ш	23 829 237
Locaca SP Limited	England - II.2 1983	£2,000	iv	
Legica Leasing Limited Logica Data Systems	England - 19.1 1981	£10,000	V	
Limited	England-6.6 1969	£100,000	VI	_
1900 Group Limited	England - 3 12 1970	£100	VI	_
1900 Holdings Limited Video Typing Systems	England - 17.9.1971	£100	٧ï	_
Larraed	England -12.12.1975	£100	VI	_
†Logica, loc. (80.2% owned)	US-17.3.1977	US\$1,482,538	п	164
†Freyberg Systems Associates, Incorporated				
(80.2% cymed)	US-1.6.1977	115317.690	п	-
Logica Nederland B.V.	Netherlands - 27.3.1969	HG 38,490	ī	_
Logicy & V. Logica, Société	Netherlands-20.7 1973	HH 10,000	Ī	102
Azonyme	Belgium - 5.5.1979	BF3244.000	п	16
Logica Śvenska AB.	Sweden-1.11.1922	SER.50,000	п	30
Logica Gesellschaft mit				
beschränkter Haftung	West Germany - 7 9.197	3 DM 20:000	п	
Logica Pty. Lamired Planning Research Corporation (Australia) Pty.	Australia - 23 0 1974	A\$304,000	П	74
Laured	Australia - 28 3 1979	AS2	п	_
Lawdan Holdings Pry.	7454444-2541515		_	_
Licated.	Australia - 2.5.1977	AS2	VI	_
Lawcan Pty Limited	Auguralia - 2 10 i 973	A\$3,000	νi	_
Logica Pie. Limited	Sugapore - 4.11 (390)	SEZ	VI	
II : Computer co	holding company multimicy, systems and pr anufacture of office according cts and major contracts	oducis iation producis		

†The balance is owned by employees of Logica, Inc.

4. Directors' and Other Interests

Wheterous and Other missions:
(i) The Interests of the Directors in the enlarged issued share capital of the Company immediately preceding the Cate for Sale, assistant by the regimental materials and the Provisions of the Companies A it 1957, and their respective interests immediately following the Ofer for Sale (excluding stares which any of the Directors may purchase under this Office for Sale follows:

Non-Beneficial beneficial | Beneficial | Beneficial | Beneficial | Beneficial | September | (ii) Apart from the shareholdings of MrP A.B. Hughes and Mr L. A. Taylor shown in sub-paragraph (i) above, the only holding which will represent free per cent or more of the normal value of the issued wring share capital of the Company following this Offer for Sale in a holding of 2, 100,000 Ordinary Shares (six per cam) held by Stichling Shell Persistentimets.

(iii) Save as disclosed in paragraph I(ii)(c) above and save for four Directors who have purchased motor can from Logica in each case at market value, no Directors of the Company has or has had any inverest, direct or indirect, in any assets which within two years before the date of this Offer for Sale, have been, or are proposed to be, acquired or disposed of by, or leased to, the Company or any of its subsidiance.

(iv) No contract or arrangement subsists in which a Director of the Company is instemally interested and which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

(v) No Director of the Company has any existing or proposed contract of service with the Company or any of at subsidiaries (other than contracts expirity) or determinable by the employing company without payment of compensation within 12 months.

(vi) In the year ended 30th june, 1983 the aggregate empluments of the Directors amounted to 5363.229. It is estimated that for the year ending 30th june, 1994 the aggregate empluments of the Directors will be approximately \$425,000.

5. Sale and Subscription Adresment

a. See and subscription Agreement.

Close Brothers Limited has agreed, subject to the Council of The Slock Enrisings admitting the Circinary Shares of the each of the Company to the Official List not later than 2nd November, 1983, to purchase from all the Directors of the Company (the Yendox Directors"), other staff shareholders (the Yendor staff shareholders (has Yendor institutional shareholders (the Yendor institutional shareholders (the Yendor institutional shareholders (the Yendor institutional) of which are set out below, 2,124,874, 1,241,622 and 2,788,597 Ordinary Shares respectively and to subscribe 4,244,807 new Ordinary Shares, in each case at a price per share equal to the sintence of the property price less 2 per cent, of the minimum tender price per share, and to offer all numb shares for sale to the public by tender at a minimum tender price of 140p per share. seames for safe to the principly leader at a minimum remain protect 140p per spare.
The vendor institutions and the number of Ordinary Shares being sold by their under this agreement (including, where applicable in instance therets, holdings of investment trusts, on it trusts or funds managed by them or which own them) are as

Airways Pension Scheme
CIN Industrial Investments Limited
Groupe Drouot
F & C Management Limited
Provincial Insurance PLC
Saleguard Industrial Investments PLC
Sleands Insurance Company Limited,
Stichting Shell Pensoenfonds
The Scringth Investment Triss PLC

501,052 532,806 287,851 225,000 88,948 100,210 514,048 334,034 Under the above agreement

(i) the vendor staffshereholders have agreed not to dispose of any further shares in
the Company until after publication of the anchred accommissof the Company and
its subadiances for the year evoluty 30th june, 1984 and the report of the Directors
for such period (the Publication Date?) except (e) with the proor consent in
writing of Close Brothers Limited and the Company or (b) to the event of an offerbeing made to all the holders of Ordinary Shares in the Company (other than the
offeror and/or any person associated or account or concert with the offeror) to
account their development of the Company (other than the acquire their shares (an 'Acquisinon Offer'); and

(ii) each of the wander Directors has agreed not to apply for shares in the Offer for.
Sale and not to dispose of any further shares in the Company mini after the
Put's cation Date and also to accept restrictions on the sale by him of the
remander of his shareholding in the Company immediately following the Offer
for Sale on a cumulative shiding scale for the period from the Publication Date
timulater publication of the audited accounts of the Company and its
subsidiates for the year ending 30th June, 1906 and the report of the Directors
for such period intess (a) the prior consent in writing of Close Brothers Limited isgiven or (b) an Acquisition Offer is made or (c) the Board of Directors of the
Company, or any committee thereof, or the Company peaces a resolution
discussing blanct requesting his reagmention from the Board of Directors of the
Company.

Company.

The costs and expenses of and incidental to this Offer for Sala, including the cost of preparing, printing, circulating and advertising this Prospectus and other documents in connection therewith, the increase mandrengenisation of the share-capital of the Company and associated capital dury, the adoption of new Articks of Association, all accounting expenses, the company's ispal expenses, the receiving benkers' and registrats' fees and expenses, the fees payable to The Stock Exchange, and a fee to Close Brothers Limited, are estimated to amount as 6475,000 (exchange of value added too) and will be brother by the Company, Close Brothers Limited will pay commissions to underwriters of 1½ per cent, on the minimum tender price, a fee to the brokers, stamp duty on the transfer of sheres offered hereby which are in registered form and issown legal expenses.

In connection with the sale and subscription acreement the vendor in tive indicated, their innention not to dispose of any further shares in innention out to dispose of any further shares in the coupling to the publication Deter Close Bookers Lumbed will pay a fee to be Foreign and Colomai Investment Trust PLC for a stand-by underwriting

The following contracts, not being comments entered into in the ordinary commend business, have been entered into by the Company and its subsidiaries within two, years immediately praceding the date of this Offer for Sale and are, or may be,

(i) agreement dated 12th March, 1982 between (1) NEB(2) Roidings and (3) the Directors of Holdings camed therein wheneby it was agreed that NEB would serve transfer notices in respect of the sharer held by it in Holdings, Orcupand VTS with a view to the select such sharers for a total consideration of \$2,445,000,

(II) Offers dated 25th June, 1982 by Close Brothers Limited on behalf of the Company for all the issued shares in Fickings other than those held by NEB;

(iii) agreement dated 29th July, 1982 between (1) Suching Shell Persioenfonds and the other institutional shareholders in Group named therein and (3) Holdings whereby the said shareholders agreed in exchange their shares in Group in consideration of the issue to them of a total of 327, 050 new Ordinary Shares of Top each in Holdings

(iv) agreement dated 28th July, 1982 between (1) the Directors of the Company and Holdings (2) the Company and Holdings and (3) Close Brothers Limited whereby it was agreed that Cook Brothers Limited would on behalf of the Company and Holdings offer for subscription by means of a gravet planing 103,000 new Ordinary Shares of 10p each in the Company at \$12.75 per stars and 336.600 new Ordinary Shares of 10p each in Holdungs at £11.50 per share:

(v) agreement dated 13th April, 1983 between (1) Pauming Research Corporation International (2) PRC (3) PRC Public Management Services Inc. (4) Featuring Research Corporation (Australia) Pty. Limned (3) Logice Pty. Limited and (6) the Chingany and Holdings whereby Logice Pty. Limited acquired all the issued share capital of Planning Research Corporation (Australia) Pty. Limited for US\$190,000;

(vi) agreement dated 17th October, 1935 between (1) Stickturd Shell Pensioenfunds and the other ustransmal starreholders in Holdings named there in and (2) the Company whereby the sald shareholders in Holdings agreed to exchange their shares in Holdings in consideration of the same or them of a total of 11,813,7913 new Ordinary Shares of 10p each in the Company.

(vii) agreement dated 20th October, 1983 between (1; Firlip Arthur Scoley Himbes for himself and as enturney for the pensus named therein as vendous (2) the Directors of the Company (3) the Company and (4) Classe Brothers Lamned, being the sale and subscription agreement referred to un paragraph 5 above.

7. Taxation

(i) The Directors have been edvised that, following completion of this Offer for Sele. the Company is unlikely to remain e close company will Income and Corporation Taxes Act 1970.

(ii) Appropriate clearances under Section 454 of the Income and Corporation Taxes Act 1970 and Section 83 of the Capital Causs Tax Act 1973 have been obtained in respect of the capital reorganisation in 1982.

(iii) Under the sale and subscription agreement referred to in paragraph 5 above the Directors have given certain indemnaties in respect of aparton habilities of the Company and its subsidiaries.

3. General

(i) There has been no material adverse change in the financial position of the Company and its subsidiaries since 30th June, 1963, the date to which the Company's latest audited financial statements were made up.

(ii) Neither the Company nor any of its missidiaries is empaged in any Inigation of material importance nor, so far as the Directors are a water, is any inigation or claim of material importance pending or threatened against the Company or any

(ai) The minimum amount which in the opunch of the Directing of the Company must be raised by the assue of the shares now being offered for sale as £3.15 million which, in relation in the maleris specified in paragraph 4°s; of Part I of the Pourth Schedule to the Companies Act 1948, is made up as follows.

Quel; (ii) mt; (iii) mil and (iv) 25. I Emilion. The above amounts are to be provided exclusively out of the proceeds of issue of 4,344,807 new Crimery States new being offered for sale by leader and, having regard bothe sale and subscription agreement referred to in persyraph Sabove, the receipt of such amount is accured.

(iv) Holdings wee the promoter of the Company. The set proceeds from the issue of sharen referred in in paragraph (suitb) above were pending the respiration, deposited in a bank recount of Holdings. The halance at such sect with after payment made on behalf of the Company and all interest credited thereto have been repeat by Holdings in the Company and all interest credited thereto have been share been paid or place to Holdings within the tray resummoditally preceding the date of this Prospectus or are utended to be paid or given.

(v) The historical and current cost information set out in Appendix I consistent abundand accounts (as defined in Section 11/6) of the Companies Act 13/11. The lastonical cost information doubt with the five accounting periods and the currence cost information doubt with the two accounting periods is 20% June, 13/21. Full eccounts relating to the five accounting periods it that date, or which the relevant auditors made impublified reports which the measure of Service 45 of the Companies Act 1901, and with formed to have of the floated information set out in Appendix I, have been delivered to the Regultrar of Companies. (vi) The amount payable on apolication on each share is the amount tendered per strare by the relevant applicant, being not less than the minimum tender orice. The net proceeds of the subscription of 4.244,807 new Ordinary Shares of the Company by Close Brothers Limited pursuant to the sale and subscription agreement are estimated at 85.15 million on the basis of the minimum tender proce after deduction of the expenses of this Other for Sale which are to be borne by the Company. For each 5p by which the striking price exciseds the minimum tender price, the Company will receive a further \$212.240 m respect of such shares.

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in premium sets "

(vii) The preluminary expenses of the Company amounted to approximate (exclusive of VAT) and were paid by the Company.

ents and Requestration of Documents

(i) Roborn Rhodes and Price Waterbouse have given and have not withdrawn the written consents to the issue of this Prinspechis with the inclusion beams of their Accountants' Report and to the references thereto and to their names to the fort and context in which they are included.

and correst in which they are included.

(ii) The documents attached to the copies of this Prospectus delivered to the Registrat of Companies for registration were the above-mentioned consensatement of Robson Rhodes and Price Weighbusse setting not the education made in amounts of the figures contained in their terport (es set out between giving the reasons therefor, copies of the application forms and copies of the material contracts referred to in paragraph 6 above.

10. Documents Available for Inspection The inflowing documents or orgainst thereof may be inspected at the officer of Culford-Turner. Blackfram House, New Bridge Street, London EC4V 68Y during usual business hours on any weekder, Samudays and public holidays excepted, it pends of fourteen days following the date of this Prospectus:

(i) the Memorandum and Articles of Association of the Company:

(ii) the audited consolidated accounts of the Company for the year ended 30 1983 and of Logica Holdings Limited for the year ended 30th June, 1982;
(iii) the Accountains Report set out in Appendix I and the statement of edjust

(iv) the material contracts referred to in personaph Sabove; (v) the written consents referred to in paragraph 9() above.

Cated 20th October, 1383

Procedure for Application

No person receiving a copy of this Offer for Sale and/or an Application Formin any territory other than the United Kingdom may treat the same acconstituting an invitation to him, our should be in any event use such Application Form units in the relevant territory such an invitation could lawfully be made to him or such form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any peason outside the United Kingdom wishing to make an application bereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith. ouer vance of the laws of the relevant territory in connection therewith, including obtaining any other homeithes needing to be observed as such territory. Norwillassunding these restrictions, employees of Logica in vancue oversees continues (excluding the Bused Sauss of America) will be permitted to apply for shares on the special pank application in the relevant to below, but in me event may the employees distribute or cause to be distributed copies of this. Prospectus or such application form in such countries or elsewhere.

Applications, which must be made on the accompanying Application Form (photocopies will not be accepted), must be for a minimum of 100 shares and thereafter for the following multiples of shares:

Applications for not more than 1,000 shares in multiples of 100 shares, Applications for over 1,000 shares and not more than 10,000 shares in multiples of 500 shares. Applications for over 10,000 shares and not more than 25,000 shares in multiples of 1,000 shares; Applications for over 25,000 shares and not more than 100,000 shares; in multiples of 5,000 shares; forover 100,000 shares to multiples of 10,000 shares.

An application for any other number of shares will be rejected. Applications must be made at the minimum tender price or at any higher price-per share which is a whole multiple of Sp.

Applications must be induced with National Westminster Bank PLC, New Issues Department, 2 Princes Street, London ECEP 26D not interthen 10 a.m. on Thursday, 27th October, 1983.

5. Each application must be accompanied by a separate chaque or banker's draft drawn in sterling on a transit in England, Scotland, Wales, Northern Iroland, the Channel Islands or the Joke of Man of a bank which is either a member of the London or Scotland Clearing Florises or which has arranged by its cheques and banker's drafts to be cleared through the facilities provided for the members of

those Cleaning Houses (and must bear the appropriate sorting code mimber in the top right hand corner) made payable to "National Westminuter Bank PLC and crossed 'Not Negotiable', representing payment in full at the price at which application is made. An application will not be considered unless these conditions are highlic Closes frontiers lamited reserves the right to manuar. National Westminster Bank PLC to present all cheques for payment on recept and to retain Letters of Anceptance and simplify supplication money spending clearance of successful applicants' cheques. Due completion and detirery of an Application Form accompanied by a cheques will constitute a warming that the cheques will be honoured on first presentation, amenion its drawn by the the declaration in the Application Form to that effect. The right is measured interject any application in which or part regardlessor (the price sentiment, multiple and suspected multiple applications at any one primetre institute to be rejected.

Subjects signered and as mentioned below, applications will be accept the following bess:

Subjectes sinvessed and semestioned Delow, apparatus which extends the following basis:

(a) all shares for which applications are wholly or parily accepted will be sold at the same price of the shiding price), which will be not less than the natural water price of 140 per share. The sanking price will not necessarily be the highest price at which safficted applications (including applications at highest price) at which safficted applications (including applications at highest price) are received to cover the total number of shares of allocation. Chee Brothers Limited will have regard to the need to establish a market in the shares, for which purpose a reasonable minth of shareholders is negatived.

cations for shares at prices less than the striking price will receive no

(c) if applications are received for less than the total number of abanes offer the striking price will be the minimum tender price of 149p per abare; (d) the stricing price and the basis of allocation will be announced as soon as possible alter 27th October, 1983.

possible after 27th October, 1988.

Preferential consideration will be given in applications received from continuous environmental consideration will be given in applications received from the second continuous environmental continuous continuous environmental continuous environmental continuous environmental continuous environmental e

decided by Close Brothers Limited.

***Complaines of applications will be conditional on the Council of The Shick Exchange admining the Ordinary Shares of the Company to the Official Listmot later than 2nd hovember, 1983, Money paid in respector applications will be summed and hovember, 1983, Money paid in respector applications will be summed, and is made on the property of the

by remodal westminister some Pite in a separate security in the number applied for, or is made at a price higher than the striking price, the application money or the balance thereof, as the case may be, will be return by chaque through the point. It is expected that renormous bits betters of Acceptance will be posted to soccessful applicates by 2nd November. 1963 Letters of Acceptance sent to employees of logical movemess countries will be resources the To LAcceptor

ne renounceme.

Amangements have been medic for the registration by the Company of the shares now offered for sole, free of stamp duty, in the owners of applicants or pentius in whose favour Letters of Acceptance have beautenances; provided that in case of renunciation, Letters of Acceptance (fluty completed in accordance with the instructions consisted therein) are lodged for registration not leter than 8th December, 1963. Share certificates will be issued on 6th beneath 1994.

8. All chousents and cheques sent by post will be sent at the risk of the person

Copies of this Offer for Sale, each with an Application Form, are smallable in London from: Close Brothers

Nanous : BenicPEC; New Issues Degertment; 2.Princes Street; London EC2P 2BD. Logica pic. 69 Newman Street, London WIA 4SE. Cembridge: 56St. Antique's Street. Cembridge CR33DA. Clasgow 14 Hyriswood Square, Clasgow G24AQ Cardiff

mial Road

THE APPLICATION LIST FOR THE CROMARY SHARES NOW OFFERED FOR SASE WILL OPEN AT 10.00 a.m. ON THURSDAY, 27th OCPOBER, 1883 AND MARCHE

SOLISI SP

and the second of the second o the second of a

Acres 18

FOR OFFICE USE ONLY

2. Number of shares accepted

I Acceptance number

3. Amount received.

4. Amount payable

6. Cheque number

£

This Form chily completed, must be induced with National Westminster Bank PLC, New Issues Department, PO Box 79, 2 Princes Street, London, EC2P 2ED together withing checked or beniver's draft representing payment in full at the application price so as to arrave not later than 10.00 a.m. on Thursday, 27th Cembers, 1983: Chargestrand, hanker's drafts must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Changel Islands or the late of Mart of a braid which is chieges and braiders than to be chemed immughtly facilities provided for the manubacs of those Cleaning Houses (and must be used payable to "National Wastminsters Bank, PLC" and be crossed "Not Negotiable". A separate chaque or benivar's that must accompany each application. No application will be considered unless these conditions are fulfilled. Photostat copies of application forms will not be accepted.

Applicants are advised to use first class post and to allow at least two-days for delivery.

Application Form

Logica plc (incorporated in England under the Companies Acts 1948 to 1981 with Registered No. 1631639).

Offer for Sale by Tender by Close Brothers Limited

of 10,400,000 Ordinary Shares of 10p each at a minimum tender price of 140p per share, the price tendered being payable is full application

	Application is made *	application is made + +	Amount	d
		p	£	
-			_	

*Applications must be fix a minimum of 100 shares; applications for not more than 1,000 shares must be in multiples of 100 shares; for over 1,000 shares and not more than 10,000 shares in multiples of 500 shares; for over 10,000 shares and not more than 25,000 shares in multiples of 5,000 shares in miltiples of 5,000 shares in multiples of 5,000 shares and not more than 100,000 shares in multiples of 5,000 shares and forover 100,000 shares in multiples of 10,000 shares. **The price per share at which application is made must be indicated here and must be 140p or a higher price being a whole multiple of 5p.

To: CLOSE BROTHERS LIMITED To GLOSE RECTHERS LIMITED

I'We enclose a starting cheque or banker's chaft puyable to National Westminston Bank PLC-for the above mentioned sum, being the amount payable in full on application for the above-stated mimber of Ordinary States of 10p each in Logica plc (the "Company") at the price per share-at which this application is made and I'we hereby offer to purchase that number of shares and agree to accept the same or any smeller number of shares in respect of which this application may be accepted at the striking price, all upon the terms of the Prospectus dated 20th October, 1983 and subject to the Memorandum and Articles of Association of the Company. I'we hereby request and eathorse you to send metric a fully paid experience for any money's retunable, in each case by post at my/our risk to the address first given below and to procure my/our name(s) to be placed on the Register of Members of the Company as holder(s) of the said shows, so far acting have not been effectively renormed.

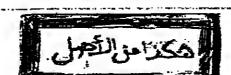
In consideration of your screening to accept applications upon the terms and subject to the conditions of the said Prospectus for an appregate number of 10,400,000 Ordinary Status of 10p each in the Company, Two hereby agree that this application shall be invested the until 5th November, 1853 and that this paragraph shall constitute a collateral contract between merits and you which shall be become brinding upon deepatch by maillor delivery of this application form to National Westminster Bank PLC duty complexed.

I We understand that the due completion and delivery of this application form, accompanie honoured on first presentation. I'We hereby acknowledge that renounceable lenses of Acc be held pending clearance of applicants' cheques.

		Forename(s) (in full) Surname and designation (Mr. Mirs. Miss or Trife Address (in full)
	applications all further applicants must sign and comple	eta below.)
		Surame and designation (Mr., Mrs., Miss or Title)
S. J. Laurein falls		Annual states with white
Actives (iii)		The second of th
1		
3. Signature		Surreme and desegnation. (bit, Max, Masca Tile)

Forename(s) (in full) ... Address (mfull). A Composition should sign excite the head of a duly authorised official who should were his repres If this faun is signed under a Power of Amoney, such Power of Attorney or a duly cardinal copy thereof unst score

We recent will be grand for the payment on application, but an acknowledgement will be forested through the post in the course by means of a fully port Lener of Acceptance for all or pure of the states applied for and or 6 theque for any moneys returnable, in each coles it the rais of the



PANAGE

Highland Distilleries £1.3m ahead

FURTHER good progress by its Famous Grouse hrand enabled the Highland Distilleries Com-pany to push its pre-lax profits up by £1.32m to £7.05m for the up by £1.32m to £7.95m for the 12 menths ended August 31

The second six months were better than expected. At mid-year the directors anticipated figures net materially different from the £2.98m reported for the eecond half of 1981-82. In the event bowever they rose

Earnings for the year under review advanced by 0.5p to 8.6p per 20p share and an increased final dividend of 2.23p (1.98p) lifts the net total from 2.86p to

A near-6 per cent increase in bome prices in February and a 7 per cent increase in expert Prices belped push profits higher.
Mr John MacPhail, group chairman, said in a statement fellowing the results that present market conditions made it diffi-cult "but the group would be trying for a 'modest' increase in home prices in the New Year." Volume sales of the Fameus Grouse in the UK were ahead ef last year. Against an in-dustry decline of 4 per cent the

Rights issue results

Two recent rights issues met

with favourable responses from shareholders. That of CH Industrials had a take-up rate of 93 per cent of the 4.57m shares effered. The remaining shares were sold in the market at a

There was an even warmer eaction to Inter-City Investment

Group's one-for-two rights issue, with 98.5 per cent of the 9.2m shares being taken up. The rest were seld in the market at a net premium of 20p per share.

A sharp recovery in pre-tax profits from £801,000 to £2.95m has been shown by K Shoes for the six menths to July 30 1983. Turnover ef this feetwear manu-

facturer, which is a subsidiary of C and J Clark, expanded from

There was a charge of £1.5m this time for tax. compared with a previous credit of £53,000.

DIVIDENDS ANNOUNCED

payment payment

Dividends shown pence per share net except where otherwise stated. • Equivalent after allowing for scrip issue. † On capital

increased by rights and/or acquisition issues. ‡ USM stock. § Gross

throughout. [Malaysian currency throughout and includes bonus of 3 seo (same). [Includes bonus of 0.9p (0.6p).

Date

Jan. 5 1.7 1.98 Dec. 19 2.9 Dec. 21 1.4 Dec. 5 0.1 Dec. 15 8

K Shoes

£32.87m to £37.16m.

HIGHLIGHTS

Lex comments on the market in the U.S. in the light of the latest money supply figures and then goes on to examine the full-year figures from Telerate. Income for the year rose from \$11m te \$21m. On that basis Lex considers what price Reuters could command. Tate & Lyle finally gets shot of its disastrous involvement in Canadian sweeteners at a below tho line cost of £1½m. On a cheerier note J. Bibby has somezed itself out of edible eils by selling its crushing subsidiary for £14m-quito an impressive sum given its recent earnings

position in the Scottish market associates, and sales in England were Tax ahead by 18 per cent. Exports also continued to show good growth and rese by over 20 per cent compared with

£5.13m to £84.93m. Cost of sales rose to £77.22m (£72.79m) and other operating charges accounted for £1.28m (£1.09m). Pre-tax profits were struck after adding interest income ef £780,000 (£638,000) and deducting much lower interest charges of £159,000, against £838,000

hrand maintained its premier also included a £12,000 share ef

doubled to £1.74m (£753,0001. The directors say that while sales of mature were fully maintained those fer new whisky continued to be affected by the surplus stock position prevail-ing in the industry and were lower than those of the previous year. They add however that the

groop'e bettled single mait whiskles are showing "encourag-ing progress."

It is planned to resume pro-

Allowing for current cost edjustments pre-tex profits for 1982-83 rose from £2.88m to

comment

Highland still enly has about 5 per cent of the whisky market in England. With the company's market share in Scotland now at e probable ceiling around 25 per cent, a growing taste among the Sassenachs fer the Famous Grouse brand looks like the major source of growth for Highland and the latest figures suggest how supportive this might be. Other growth areas include a number of European markets where Highland has positioned liself well alongside favourable consumer trends: tender result whisky sales in France, in particular, are growing at about 16 per cent annually. The com-pany has some grounds for con-fidence that its brand leadership and premium pricing strategy should shield it from the reper-cussions of Johnnie Walker Red's introduction next month and it has lifted the dividend by 12 per it is planned to resume pro-duction at the Bunnahahhain dis-tillery fer a limited period cent. At 90p, np 4p, the shares are yielding a touch over 5 pcr cent.

Westminster Country asset rise London N7 and Kingsteignten were sold, together with a vacant retail preperty at Waterloovii'e.

AT THE end of its inancial year, April 30 1983, net asset value of Westminster and Country Pro-perties had risen from 122p to 130p per share. The directors are of the opinion that the value of of construction will be next As reported on September 24, group properties, ether than those in course of development, was £1.15m in excess of book On the development side, an

active programme is continuing and should yield satisfactory profits in the current and future years, says the chairman Mr D. B. Parkes.

The programms included emce refurbishments in Bournemouth and Cheltenham, and a shep in Falmouth, which were sold te pension funds. These were in addition to the development and disposal ef various industrial units at Bicester and Witney. The programms included effice Redevelopment of the effice site in Slough, providing a net lettable area of 12,750 sq ft, has

Corre- Total

rear

the group's profit befere tax for the year ended April 30 1983 rose 14 per cent te £709,000. rose 14 per cent to £709,000, with increasing rental income of £57,000 accounting fer around half of this uplift. Shareholders receive a dividend total of 6p

Mr Parkes says an effice property in Farnham and sheps in Lymington and Newquay were let and retained. Leased industrial properties in Wisbech, Nevember 11 at noon.

The company has acquired the leaseheld interest in St George's Court, Brompton Road, S.W., producing a commercial rental income of £82,000 annually. The directors believe this has considerable potential for the future.

At September 23, Rowdown beid 22.6 per cent of West-minster's capital and Westcett

Dollands shop disposals

DURING THE next few menths, interests of both staff and share-bollands Photographic Holdings holders is to withdraw from will be disposing of all its shops. retailing and to concentrate In the annual report the efforts in the new and more In the annual repert the directors had advised that fellowing an in-depth investigation of retailing activities it had been decided to close a number ef

Since that time losses have continued, and there is no sign of any revival in the sale ef phetographic equipmeet. The home computer market inte which the company entered has already been subject te large reductions in prices, and in the opinion of the directers a company of the size of Dellands proposals fer cha Phetegraphic is too small to of the company. compete in such a volatile market,

profitable areas inte which the company have already meved. Every effort will he made te sell the sheps as going concerns, and te safeguard as many johs as possible. Agreement has already been reached to sell two of the shops te members ef the staff and negotiations are in proa view te their purchasing further branches.

As previously stated, the directers intend to put forward proposals fer changing the name The Geoff Axtell Group has

been integrated inte the com-They have therefore decided pany, and is trading thet the best course of ection in accordance with budgets.

Bishopsgate Trust net assets up

At September 30, 1983 net asset value per 25p share of Bishopsgale Trust rose from 136.39 to 192.5p at par from 139.2p to 194.1p et market value. Farnings per share improved from 2p to 215p, while the net interim dividend is unchanged at 1.20-last rear's final was 2.3p. Gross revenue increased to £1.09m. against £942,000. Expenses rose sharply from £150,000 to £318,000, but the tax

charge was £29,000 lower at £241,000.

Friedland Doggart

The share listing of the Friedland Dorgart group, suspended towards the cod of last week pending the result of its tender offer of up to \$22,807 (some 15 per cent) of its erdinary shares, has been On-market tender effers have

teen accepted in respect of 40,064 shares and off-market acceptances have been received in respect of 854,743 shares. This represents a cerrected split of the op-market and eff-market tender offers.

The striking price was determined at 175p per share. All tenders below this were

tenders below thus were accepted in full at 175p. Tenders of shares at 173p have been scaled down pro rata te approxi-mately 785 per cent of the number of shares tendered.

Lowland Investment

Net asset value per 25p share ef Lowland Investment Company ncreased sharply from 122.9p to 159.1p in the year te September Earnings per share were up

from 5.26p to 6.14p and the final dividend is raised to 3.65p (2.9p) net for a tetal of 5.75p (4.5p) per share. Gress income improved from 1654,000 to 1755,000. Interest payable decreased by 122,000 te £7,000, but administration expenses took £46,000 (£39,000) and tax £221,000 (£203,000).

Newport Smelting

The joint receivers and managers of Newport Smetting Company have completed the sale of the assets of the company te Wantscar, also of Newport, Gwent

Newport Smelting processe and/er sells secondary aluminium ingots and scrap metals. The receivers understand that it is the purchaser's intention that the business will continue to operate as a going concern. The receivers also recently completed the sale of the assets and business of Newport Smelt-ing's sister companies, Lyte Iodustries and the Ecupse Rail Track Ladder Cempany, which manufacture eluminium ladders and wooden ladders. Those businesses have also continued te eperate as geing concerns.

Lazard Development Capital Fund has ettracted applications amounting to over 15m, and thus the subscription list has closed seven days ahead of the latest closing date of October 31.

Reed Executive in profit and confident for year

FOLLOWING THE improvement in the first quarter. Reed Executive has stayed in profit for the half-year ended July 2 1983 and produced £134,000 pre-tax, compared with a loss of £752,000 in the corresponding period in 1982.

And Mr Alec Reed, chairman, seys provisional management ercounts show profits in excess of £400,000 fer the third quarter. While he does not wish to fore-cast the final result, he expresses confidence that the last three months should produce further profits.

The interim dividend is being heid at 0.1p net per share. Mr Reed says a final will be con-sidered when the full year's results are to hand. The company has not paid a final for the last three years. In 1982 the loss was cut by over film to 1803.000.

In the half year turnover rose from £16.45m to £17.05m and trading profit came out et £524.000, compared with a loss of 5524,000, compared with a ross or £231,000. This was made up of employment and travel agencies £457,000 (loss £173,000) and self-service drug stores £57,000 (loss £58,000), less depreciation and amortisation £279,000 (£386,000) and interest paid £111,000 (£155,000).

Medicare drug stores traded et virtually break-even during the second quarter, while the follow-



Mr Aloc Reed, chairman of Reed Executive

ing period produced a small ing period produced a small profit on sales which, branch for tranch, were 30 per cent up on the corresponding period for 1882. With the profitable Christmas months etill te come, Medicare should be able to report an overall profit for the year, says the chairman. There is no tax charge

extraordinary debit this half year, and carnings were 1.28p. There was an extraordmary debit

• comment

aller where

The turnscend at Reed Encountry Relieve on neatly from Breek Street's reduced interim losses amounced but week, Reed's shares rose up to a high for the year of the on the news. The group has responded rather earlier in the simpleyment market than in the simpleyment market than its also disposed of a substantial overheads burden by reducing the number of its concentration in the south-east. But it has also disposed of a substantial overheads burden by reducing the number of its employment agencies by 40 percent to 30. Medicare has at last turned in a profit after innegating in the red for more than a decade said it may at long inst be on the way to becoming an overdue insurance against the cyclical swings in the employment market. Reed's attempt to merge travel agencies with employment offices has failed to stem the travel division's losses, so most of the agencies are being sold for a book peeds of sround f100,000. A seasonal upture in Medicare sales in the current quarter plus an increase in the number of unified vacencies being officially reported could well see Reed marking 1800,000 in the current year. That puts the shares on a p/e of 5.5, assuming a nil tax charge,

CAI chief executive 'induced'

A £20,000 payment was made to Mr Michael Doherty in July 1982 to induce him to join Cope Aliman International, it is revealed in the CAI accounts for the year ended July 2 1983. Mr Doberty was formerly the chief executive of Incheape UK. He left that company to take up a similar position with CAL which has interests in packaging, leisure, engineering and fashlen. In the first quarter of the current year results for CAI have been "very encouraging." This is stated by Mr L. J. Manson in bls report accompany-

manson reagned from the board last week (October 17), in favour of Mr Michael Ashcroft, whose Hawley Group owns 29.99 per cent of the CAI capital.

Mr Manson says the first constant is not a sufficiently represent the first constant in the first constant is not a sufficiently represent the first constant in the firs quarter is net a sufficiently repre-centelive period on which to base firm predictions, but the figures do give cause for optimism."

Mr Manson recalls that the group's return to profits in the second half of 1962-83 was overshadowed by the takeover battle for the company. Two members Manson in bls report accompany of the consortium involved-ing the 1982-83 accounts. Mr Hawley Group and British Car

Auctions—have some out with holdings of 29.00 per cent and 10.00 per cent respectively in the CAI capital, while Attwoods (an associate of British Car Auctions) owns 3.00 per cent. owns 1.04 per cent.
Turnover for 1982-53 came to
£187.22m (£182.97m for the previous 53 weeks). The profit before
tax was £2.82m (£1.95m) and the
dividend 2.5p (2p). The second
half profit beat the forecast. This year not cost of extra-erdinary items was £3.7m mainly representing lesses on closure and disposel of three businesses, with the major frem being £3.8m relating to Nutt and Muddle,

Raine expects further progress

paroaching" the record levels f earlier years the directors of Raine Industries are looking to the future with "eptimism." Revealing this in his annual statement accompanying the accounts fer 1982/83 Mr Michael Tayler, the chairman, saye that the first three months of the eurrent year have been encourage iog and that he would be dis

appointed if another sound year's progress was not echieved. He adds that compared with this time last year the outlook for business and for future opportunity appears very much

Lazard Brothers and Company, and the Development Capital offer of participation in the Lazard Development. During 1982/83 net assets increased by over 11 per cent te £5.59m, equal to 31p per 10p

stare.

Mr Taylor says the directors are currently planning diversifi-

BOARD MEETINGS

cation and expansion within the housebuilding sector, including the acquisition of sites which are suitable for construction of sheltered housing schemes and leisure orientated activities.

He points out that this will bave the effect of building on the improved return by widening the overall operations of the

The group's other interests include steel re-relling, the manufacture of engineering products and umbrails frames and insurance broking.

Earlier this month Rains called on ahareholders for approximately 1788,000 net via the overall operations of the a one-for-three rights Issue in househulding sector—as order to take advantage of reported on October 3 group pre- growth opportunities. tax profits for 1982/83 rose to The annual meeting will be \$724,000 (£276,000) with record betd at Sheffield on November turnover and profits being 29 at moon,

cross

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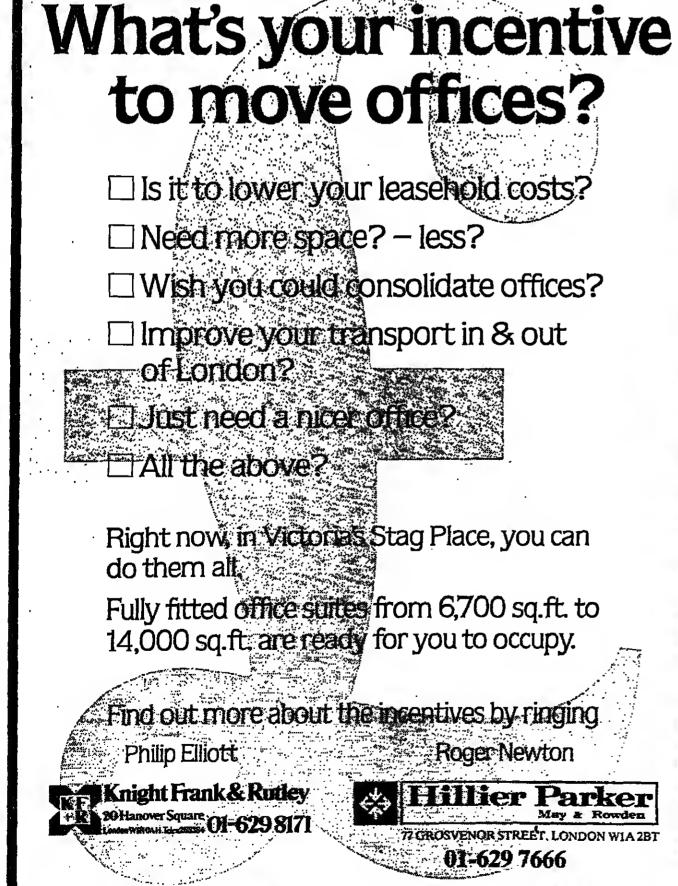
Who are the UK's No.1 concrete faced brick produce

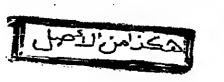
Using some of the most modern plant in the world, Edenhall Concrete Products Limited, together with its associated companies in the London and Northern Group have an annual production capacity of 180 million concrete facing bricks, making Edenhall the UK's biggest producer.

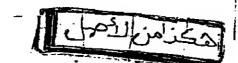
Other London and Northern names equally notable in their fields include Weatherseal Windows, pioneers and innovators in domestic double glazing; <u>Blackwell/Tractor</u> <u>Shovels</u>, operators of Britain's biggest and most modern specialist heavy earthmoving fleet; Pauling, established in

overseas civil engineering for over 100 years, <u>Steel Stockholders</u> of Mossend, Lanarkshire, the largest steel profiler in the UK and possibly Europe, and now, <u>United Medical Enterprises</u>, a major force in world healthcare services. Send for the latest Report and

Accounts to find out more about London and Northern, a Group with £226m turnover in 1982, which has increased or maintained its dividend for eighteen years—every year but one since going public in 1963. London and Northern Group PLC, Essex Hall, Essex Street, London WC2R 3JD. Telephone: 01-836 9261.







BIDS AND DEALS

Abdullah brothers on **Hawkins** board

MR RASCHID ABDULLAH and his brother Osman have joined the board of Hawkins and Tipson, loss-making Sussex ropemaker, as chairman and director respectively.

This follows the successful takeover of Hawkins by Evered, Midlands-based group specialising in non-ferrous strip for the electronics and communications industries, which was taken over by the Abdullah brothers in April 1981.

Mr Alan Barrett, who was chairman of Hawkins before the £3.5m takeover, bas resigned along with fellow director Mr B. Dean.

The Abdullah brothers, raissed

Dean.

The Abdullah brothers, raised in the Midlands, bave built up Evered as the core of a diversified industrial bolding company. Their offer for Hawkins became unconditional a week ago whan they declared they controlled \$1.2 per cent of the company's shares.

Sanderson Vere

Sanderson Vere Crane has arranged with County Bank equity linked loan facilities of equity linked loan facilities of film over a five-year period to finance further expansion.

The company specialises in editing television commercials. Turnover has grown from £130,000 in 1978 to £1.7m this

year.
Clients loclade leading advertising agencies, all commercial television stations, as well as film production companies and other diverse bodies such as the British Film Institute and the Football Association.

The money will help SVC to update existing facilities as well ns build two new edit suites at Wardour Street offices

Argyll Foods

Under the terms of the merger of Argyll Foods and Amalgamated Distilled Products, holders of 1,457,161 warrants to ther progr

sents 4.3.4 per cent of the holders of 1.457,161 warrants to subscribe for ordinary shares of argyll have elected to receive ordinary shares of Argyll froup in exchange for their Argyll Foods warrants, on the basis of one Argyll Group ordinary shares for every three Argyll Foods warrants.

The remaining holders of Argyll Group, will receive one warrant to subscribe for Argyll Foods warrants.

As a consequence, after indeplemented on for each Argyll Foods warrants for each Argyll Foods warrants for each Argyll Foods warrants.

As a consequence, after indeplemented on of the merger, there will be implemented on November 11 and that dealings in the ordinary shares and warrants of the ordinary shares and warrants of the ordinary shares of 25p of Argyll Group in issue.

The offer is now unconditional warrants of the ordinary shares and warrants of the ordinary shares of 250,000.

The remaining holders of Argyll Group, will receive one warrant to subscribe for each Argyll Foods warrants for each Argyll Foods warrants for each Argyll Group in issue.

The offer is now unconditional warrants of the ordinary shares and warrants of the ordinary shares of the ordinary shares of the ordinary shares of the ordina

Juliana's buys Raffles nightclub for £290,000

Juliana's Holdings, the group which owns 120 discotheques and night clube worldwide, has acquired the exclusive London nightclub Raffles for £290,000. Mr Oliver Vanghan, Juliana's chairman, said yesterday that Raffies would be the disco group's "flagship" nightclnb. Aimost all of the group's disconteques are based in hotels, and this will be its first independently-run nightclub.

He said that Raffles would continue to use its own name—because it is so well-known—but would not rule out the possibility of establishing a new London club in due course which would carry the name Juliana's.

Raffles is currently owned by a Mr n consortium beaded by a Mr Massei. The consortium will receive £230,000 for the freehold of the site, with a further £50,000 for memberships and goodwill, and £10,000 for fixtures and fit-

After closure for renovation, it will reopen before Christmas in the style of an English country drawing room / cum library. Juliana's expects to spend from the following room in the style of an English country drawing room / cum library. Spend where Jukiana's was in following the reason for buying the reas Current membership of the chub is understood to be about 1,200. This may be expanded to 2,500 in due course, though the club itself will bave a capacity of no more than 100 people.

London. In future, these members will get automatic membership of Raffles—and perhaps use this as an opportunity to savour pre-dawn kidneys, kippers, scrambled eggs or other traditional English breakfast delications.

Williams in talks with Garford

williams Holdings, the Monmouth-based die-caster, founder
engineer and BMW car dealer,
is holding merger talks with
Garford-Lilley Industries, the
engineering, plastics and woodworking group.

Derby-based Ley's Foundries
control more th
the company's s

Neither company's s

weeption of Ley's were trading
at their highest levels for three
except to say t
years and predicted a return to

Directors of Garford-Lilley, along with the Gould family which owns a large stake in the company, said yesterday that subject to the satisfactory resolution of talks, they intended to accept the offer to be made from Williams.

Williams, which has been making losses since 1980, emerged late last year as the bidder for the loss-making

and Engineering Group.

Williams revealed in August that all operations with the exception of Ley's were trading at their highest levels for three years and predicted a return to profits during the second half of its trading year. First-half losses to June 30 1983 amounted to £293,000—up from £199,000 a year-earlier—on n turnover np from £1.55m to £11.04m.

Garford-Lilley earned a pre-tax

Garford-Lilley earned a pre-tax this year of £8.25m. The Gould family, together with other directors of the company, are understood to

he company's shares.

Neither company would expand yesterday on the announcement made to the Stock Exchange, except to say that if talks proceeded smoothly, a deal could be completed by later this week. The net asset value of Garford, according to figures in the most recent report and accounts, amounts to 41.9p a share—or £2.77m.

On the stock market, Garford's shares leapt 16p to end the day at 54p. At this level, its market valuation is more than £3.5m. William's shares remained unchanged at 105p.

Crosby House

Crosby House Group has Crosby House Group has received acceptances in respect of 1,235,162 ordinary shares (including those which are to be issued upon conversion of tha convertible unsecured loan stock) in Rightwise. This represents 43.4 per cent of the ordinary shares to be in issue following conversion of the loan stock.

Laurence, Prust & Co., Basildon House,

NOTICE OF REDEMPTION

To the Holders of HILL SAMUEL GROUP PLC (formerly Hill Samuel Group Limited)

81/2 % Bonds due 1986, Due November 15, 1986

NOTICE IS HEREBY CIVEN that, pursuant to the provisions of the Indenture dated as of November 15, 1971 providing for the above Bonds \$955,000 principal amount of said Bonds have been selected for redemption on November 15, 1983, through operation of the mandatory Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, as follows:

OUTSTANDING BONDS OF \$1,000 EACH BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

ALSO OUTSTANDING BONDS BEARING THE FOLLOWING NUMBERS:

53 653 1253 1753 2653 2753 3163 4053 5553 0053 10853 12863 12063 14053 19753 19353 19853 4553 963 1253 1253 1253 1263 18653 1253 125

On November 15, 1983, the Bonds designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Bonds will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, et the option of the holder

with all coupons appertaining therein maturing after the redemption date, et the option of the holder either (s) at the corporate trust office of Morgan Charanty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the fallowing: Bforgan Gonranty Trust Company of New York in Brussels, Frankfurt am Main, Paris and Zurich; Hill Semuel & Co. Limited in London; Credito Romagnolo Sp.A. in Milan and Rome; Algemene Bank Nederland N.V. in Amsterdam; and Krediethank S.A. Luxembourgooise in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York

My. Coupons due November 15, 1983 should be detached and collected in the usual manner. On and after November 15, 1983 interest shall cease to accrue on the Bonds herein designated for

7-11 Moorgate, London EC2R 6AH

This advertisement is issued in compilance with the requirements of the Council of The Stock Exchange. It does not constitute an

Crosby House Grouppic (Registered in England—No. 671099)

Issue of up to £1,565,050 nominal of 132 per cent. Unsecured Loan Stock 1987/90

This advertisement appears in connection with the issue of up to £1,565,050 nominal of 13 per cent. Unsecured Loan Stock

1987/90 ("New Loan Stock") pursuant to offers and a proposal by Crosby House Group pic in respect of all shares and convertib unsecured loan stock of Rightwise plc not owned by Crosby House Group plc and its subsidiaries. The New Loan Stock has been admitted to the Official List by the Council of The Stock

Particulars relating to the New Loan Stock are evailable in the Extel Statistical Services and may be obtained during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 18th November, 1983 from:

N. M. Rothschild & Sous Limited,

New Court, St. Swithin's Lanc,

invitation to subscribe for or purchase any securities.

the terms of the offer will close at 3 pm on November 4 1983.

Albert Fisher Group Shareholders in Albert Fisher

Group have approved the arquisition of F. J. Need (Crewe) together with related share placing arrangements, at an extra-

ordinary meeting.
Accordingly, completion of the acquisition has taken place. The 1.340,642 ordinary shares issued with the acquisition have been admitted to the Stock Exchange official list.

trade under its old name, and existing operations management will remain in office. PSS is a member of the inter-netional Pritchard Services Group and is one of the fastest-

growing security concerns in Britain. The company operates from 23 branches and provides a complete range of security services, from uniformed guards

SHARE STAKES

British Dredging—RMC Group has acquired a further 200,000 has purchased a further 25,000 ordinary which brings total holdordinary shares, bringing its total holding to 4,211,600 (24.42 cent). per cent).

acquired a further 50,000 ordinary shares. The aggregate holding is now 885,000 ordinary shares (5.396 per cent).

Stenhouse Holdings — Two directors, Wm Wilson and J. B. Devine, have notified that Reed Stenhouse Voluntary Equity Scheme, in which they are trustees, purchased 30,000 shares et 98p per share. This increases the Scheme'e interest (and Messrs Wilson and Devine'e interests as trustees) to 1,977,204 (5.2 per cent).

Noble and Lund—Selective
Investments has acquired a further 50,000 shares bringing holding to 370,000 ordinary stock units (6.48 per cent).

Mysoc—London Trust on September 16 1983, sold 2m ordinary shares, thereby reducing its holding to 4,283,014 (8.4 per cent).

Michael Hartland and Financial Service Companies in which

HILL SAMUEL CROUP PLC

OF NEW YORK, Trustee

By: Morgan Guaranty Trust Company

Rock—Mr Michael Hartland and companies in which he holds controlling interest have acquired a further 50,000 beneficiaries, no longer have a ordinary shares. The aggregate Whatman Reeve Angel-Miss

Energy Services and Electronics—E. G. Rollason, director, has bought 50,000 shares. Widney - P. B. Cheston, director, has sold 40,000 ordinary

Associated Paper Industries— Prudential Corpn. has become interested in 895,979 ordinary shares (4.9 per cent).

Glen Abbey—John J. Teeling has acquired 175,000 ordinary

September 16 1983, sold 2m ordinary shares, thereby reducing its holding to 4,293,014 (8.4 per cent).

Kode IntnL—Provident Mutual Life Assurance Association has an interest in 235,000 ordinary sharee (5.26 per cent).

Feedex Agricultural Industries land has been invited to join the board.

Continental

Microwave

At the end of June 1983 the order book of Continental Microwavo (Holdings) was strong at £4.6m and this has further increased during the first quarter of the current year to £8m as a result of orders for new products, Mr Drew Lance, the chairman, 'says in his annual statement.

During the current year the chairman expects a more even pattern of deliveries to customers than in previous years. However, it is still likely that the second half will again have n greater proportion of sales and therefore the interim figures will not be e proper indication of the full year's

results.
As reported September 2, pre-tax profits of this USM company rose by 23 per cent to £407,122 (£331,413) for the year to June 30 1983, first-half profits had dropped from £141,664 to £41,947. Turnover for the 12 months was £1.16m higher at £3.81m.

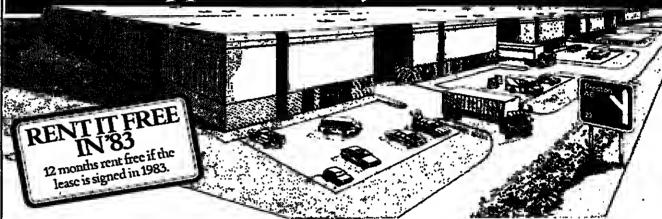
f3.81m.
The company, which is based in Luton, makes telecommunication, broadcast and defence electronics and microwave equipment. Last week, it asked shareholders for over film by way of e one-for-six rights issue at 560p per share.

The proceeds are to be used to repay a secured loan, provide

to repay a secured loan, provide working capital for expansion and to finance the acquisition of a 62 per cent interest in RF Technology of Conneticut, U.S.

Can be sub-divided into multiples

of approximately 30,000 sq.ft.



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112,000 sq. ft., available as one unit or divided into smaller areas for individual lettings if required.

☐ Within a 100 mile radius are over 19 million people-more than the combined populations of the countries of Norway, Sweden and Denmark.

by road.

☐ Located at Walton Summit Employment Centre, the warehouse is just two minutes drive from junction 29 of the M6 motorway, and midway between London and Glasgow.

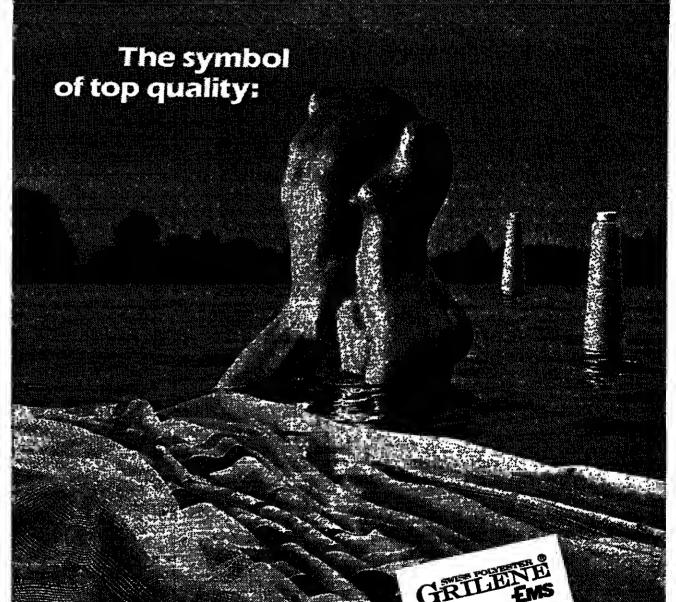
☐ The M61 and M55 motorways are only 10 minutes distant. ☐ Manchester Docks are just 50 minutes away ☐ Liverpool Container Port is 60 minutes away. Manchester Airport is under 50 minutes by motorway, and London about 21/2 hours on the

inter-city. □ Good design and an attractive site layout make Walton. Summit an exceptionally pleasant place to work. Private and rented housing is readily available.

For more information telephone Bill McNab FRICS, Commercial Director, on Preston 38211. Or write to the address below.



CENTRAL LANCASHIRE DEVELOPMENT CORPORATION, CUERDEN HALL BAMBER BRIDGE, PRESTON PRS 6AX, TELEPHONE: PRESTON (0772) 38211.



▲120.2.13 «Love Story», sculpture by Hans Järg Limbach, Hombrechtikan, Switzerland

The polyester fibre has conquered the world - and no wonder. For the consumer polyester brought many new and significant advantages: easy care blouses and shirts, outerwear that keeps its shape, and permanent crease

thing - polyester isn't just polyester. It comes in too many qualities for that. Hence the many different fabrics: wovens of pure polyester fibre and blends with synthetics or natural fibres. There's a lot of good old Swiss philosophy in "Swiss Polyester Grilene":

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good enough is never good enough.

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Dated: October 13, 1983

appointed chairman of REGALIAN PROPERTIES in

succession to Mr D. Goldstone who remains managing director

and chief executive. Until May 1976 he was deputy chairman and chief executive of Bartlays

Merchant Bank. He is currently deputy chairman of A. P. Bank, a member of the Norwich Union

Mr Alan G. Terry has been

appointed managing director of BRC STAFFORD, the main sub-

sidiary of the Hall Engineering

group He was managing direc-tor of BRC Weldmesh (SEA).

Siogapore, a joint venture com-

On January 1 Mr John Cad-worth will join the board of REFUGE ASSURANCE as an

executive director. Mr Cudworth

will retain his position as invest-ment secretary, based in London.

group technical director of SEVON HOLDINGS. Mr A. A. E. Smith, sales and marketing director, and Mr G. Wilson, commercial director, are appointed

Mr M. Victor Blank and Mr

PIONEER CONCRETE (HOLDINGS), the UK operating

Merril H. Halpern have been appointed to the board of the

international inc.

granted five year extension

THE EXEMPTION from all taxes, fees and other charges to both national and state govern-Mining and Industrial Corpora-tion recently has been extended for a further five years.

Marinduque, which produces nickel, copper and cement in the Philippines, owes a total of around Pesos 10.5bo (£500m), mostly to the state-owned Development Bank of the Phillppines and the Philippioe National Bank, reports Leo Gonzaga in Manila.

President Ferdinand Marcos decided last year that the Government should assume the cost of the company's foreign debt, and this was followed later by the release from all official

The extension of this exemption until December 31 1988 came by presidential decree.

A five-member syndicate agreed last week to lend Marinduque Pesos 800m over eight years, with a five-year grace period. The syndicate is led by the local branch of Citibank of the U.S.

The loan will be used to repay

some of the comapny's short-term debts, which are now falling due, and thus ease the bur-den of debt service, estimated at Pesos 1.5bn a year.

Marinduque recently commis-sioned a second coal-fired boiler at its nickel plant in Nonoc, in the southern Philippines, marking the last phase of a two-year programme to convert from oil to coal. This project is designed to cut fuel costs by some Pesos

500m a year. With the assistance of all these measures, Marinduque is now expected to break even at the operating level either next year or in 1985.

Marinduque Phelps back in red as strike falters | New chairman for

BY KENNETH MARSTON, MINING EDITOR

AFTER HAVING managed to the dispote still to be settled quarter only to fall back to will also be used in reduce produce a small oet profit of by continuing negotiations.

64,500 tons in the third quarter indebtedness. produce a small oet profit of by continuing negotiations. \$300,000 (£199,700) in the second In the third quarter of quarter of this year. America's major copper-producing Phelps Dodge fell back into the red in the third quarter as a result of a labour dispute and lower copper prices. But all previously write his committee a result of the copper prices. strike-hit operations are working

Strikes al the Arizona copper mines and the Ei Paso copper refinery in Texas began at the beginning of July and, technically, still continue. The dispute concerns the company's decision to seek a three-year wage freeze for workers earning an average \$25,000 a year and wage cuts of between 10 per cent and 15 per cent for new employees.

Violent scenes were reported in August as non-union labour crossed picket lines. Operations are now working normally as a result of many employees returning to work through picket lines as a result of the strikes.

MINING NEWS

In the third quarter of this in the third quarter of this year Phelps made a loss of \$28.4m, equal to \$1.19 per share, leaving a loss of \$32m for the first nine months. This compared with a loss of \$64.5m in the same period of 1982 and a total loss for that year of \$74.3m after crediting \$28.8m from the sale of tax benefits.

reot quarter and there should be Last year's troubles stemmed some reduction in unit costs. On this basis Phelps should be abic from the close-down of all the company's copper mines and smelters in April—apart from the Hidaigo smelter in New Mexico—as a result of the severe depression in copper prices. to produce better results for the quarter but the snag, at the moment, is the decline in copper prices.

A subsequent gradual reopening of the facilities began in its policy of reducing its dependence of 1982 and by early ence on copper by an asset

1983 the company's total production rate was up to 75 per cent of normal.

In the first quarter of this year copper output improved to 59,600 short tons. It increased to 72,400 tons in the second copper output in the second copper of copper output in the second copper of copper output in the second copper output in the sec and by the hiring of new staff. 59,600 short tons. It increased Proceeds of the programme are But it is an uneasy peace with to 73,400 tons in the second expected to exceed \$100m and

Griffin Coal is to maintain its 11 ceo's (6.5p) per share final dividend on increased capital. The company, which mines most of the ecal used for power generation in Western Australia, made a one-for-three scrip issue in June, and said at the time that it expected to be able to maindend payments.

The encouraging results fol-low the payment of a dividend totalling 2313m (£182,500) from Corsyn Consolidated Mines, the company in Zimbabwe.

Corsyn made not profits of ZS13m in the September quar-ter, down from ZS13m in the three months to end-June, but showed a strong improvement over the fall year. Not profits for the 12 months totalled 256.52m, up from 24546.000 ta

Mixed results from Canadian groups

loss of CS17.7m (£9.8m) in the third quarter of the year.

This compares with a net loss of CS3.7m in the second quarter, and gives the group a net deficit at the nine-mooth stage of CS40.4m, against a loss of CS34.2m at the same point of

The losses of the chemical and fertiliser businesses during the latest three months increased to CS3.3m from CS2.8m in the corresponding period of 1982, but profits of CS756,000 in the latest the mining and integrated metals division made operating year earlier. up from CS165,000 a weraged CS495 over the first profits of CS900,000, compared Total builton production for three quarters in this year, comwith a loss last year of CS12.9m. the current year from the Red pared with CS421 last year. Cominco's metal operations at Trail

Columbia remained

controlled by Canadian Pacific Enterprises.

Another Canadian mining group, Dickenson Mines, has turned in an improved performance in the period to September 30. Nine-month net profits were C\$2.08m, compared with a loss at the same stage of 1982 of C\$1.6m. Dickeoson produces gold from Ontario's Red Lake area. Lake area

The group, which returned to profit earlier this year, made net profits of C\$756,000 in the latest quarter, up from C\$165,000 a

processing Lake operation was 36,277 oz The Red Lake mine has com-in British from a grade of 0.297 oz (9.2 pleted an expansion programme closed io grammes) of gold per ton, com-designed to raise capacity from

Dickenson's share of this was

The nine-month output total

of 197,500 tons compares with sales of 190,200 tons, the latter

falling to \$1,100 tops in the third

quarter as a result of seasonal

Both production and sales are

expected to increase in the cur-

23,610 oz. down from 24,658 oz in the first nine months of last year. The latest figures reflect the fact that Dickenson owned the whole of the Red Lake mine until June 30 last year, at which

to Dickenson's performance, and also helped to lower unit costs to CS287 per ounce from CS333

SEVON HOLDINGS GROUP
has made changes involving the boards of the
holding company and subsidiary companies, Mr E. J.
Smith, formerly managing director of subsidiary Viking Packaging, is appointed deputy
managing director of SEVON
HOLDINGS, the group holding
company. Mr R. W. Edwards,
technical director of Viking
Packaging is made additionally
group technical director of A POOR performance from the order to maintain stocks at pared with 28.119 oz at a grade 500 tons of ore per day to 700 chemical and fertiliser divisions reasonable levels. The group is of 0.25 oz last time.

Dickenson's share of this was the diversified diversified to the diversified diversified to the diversified diversified diversified diversified to the diversified diversi energy producer Denison Mines has cootinged to go from strength this strength this year. Profits for the first nine months of the year are CSTO.7m, a big jump from the CS29.8m recorded a year ago.

point it sold a 35 per cent interest to Snilivan Resources.

Higher production contributed to Dickenson's performance, and the biggest contribution in the biggest contribution in earnings coming this time from mercial director, are appointed additionally joint managing directors of subsidiary VINING PACKAGING. Mr D. Gregson, formerly sales manager, is appointed to the board of subsidiary VIKING POLYPROPY-LENE as sales director. higher production of oil at the Casalianca oilfield offshore Spoin, improved oil and gas revenues in Canada, lower interest charges and reduced losses

on foreign exchange.

Coal production from the big Quintette project in British Columbia is expected to start on

INTERNATIONAL ROUND UP

THE RECENT annual meeting of Witwatersrand Nigel, the small independent Sonth African gold producer, decided to postpone consideration of moves to elect five new directors to the board for six weeks to enable all sbareholders to be

> Certain items of information are not reported in all the media. Yet, as opinion leaders know, to act quickly, one must be fully

informed.

character.

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2 years (192 issues) telex service

others.

The five proposed new directors, led by Mr Peter George, would like to see Wit Nigel borrow money to finance a resumption of sinking opera-tions at the new No 10 shaft. This could extend the opera-tion's life appreciably.

Canada's Orofino Resources, in which Northgate Exploration holds 56 per cent, has takeo an other step towards the eventual development of a mine at its gold property near Horwood Lake in the Swayze district of north-western Ontario.

The company is acquiring the seven-claim Tionaga property in return for speoding on exploration. Full ownership, subject lo a 10 per cent royalty on net pro-

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The dissident shareholders fits, would cost Orofino a total control a reported 11.5 per cent of CS\$40,000 (£467,000) plus of the company's shares.

Mr John Kearney, Orofino's president, said that the Tionaga property is a potential source of supplementary ore for any mili established at the company's main property nearby.

Recent drilling at the main Horwood Lake property has demonstrated the cootinuation of mioeralisation 300 feet to the north and down-dip from the known reserves, which have been estimated at a pound \$25,000 estimated at around 825,000 tonnes grading an average of

0.17 onnces (5.3 grammes) of

Malaysia's tin-producing Petal-ing Tin bas declared an interim dividend of 70 Malaysian cents (20p), less tax at 40 per cent, on account of the projected profit for the year to October 30.

The company's earlier interim payment of 60 cents gross in February was intended as a special distribution in view of the proposed reconstruction which gave the Selangor statenwned Kumpulan Perangsang
30 per ceot of the capital in return for an extension of the mining leases, which were due to expire in 1985.

Mr Max Roberts, chairman of Recoson, told the annual meeting that a deficitive feasibility study into the development of a mine at Pioe Creek should be com-

normal two dividends a year, but it is now stated that shareholders cannot expect any further through exploration speeding. current year.

The Rio Tinto-Zine group's African copper producer in the Rio Tinto-Zine group, prodoced Sengainville Copper in Papua New Guioes has begun to feel the benefits of the increased processing capacity installed over capacity installed over the past year, with copper oul-put for the first nloe mooths of the year rising to 140,411 tonnes from the 127,903 tonoes pro-duced in the corresponding period of 1982.

Gold production rose to 13,527 kilogrammes from 13,596 kg, and sliver output was 36,437 kg against 32,210 kg.

Bougainville is owned as to 53.6 per cent by CRA, in which RTZ has a stake of 52.9 per cent.

Recent drilling at the Pioe Creek gold prospect of Enterprise Gold Mines and Renison Gold fields Consolidated has lifted

This includes a probable 1.5m tonnes of exidised ore at an average of 2.1 grammes and 3.8m tonnes grading 3.6 grammes. Mr Max Roberts, chairman of

to expire in 1985.

This earlier payment was pleted by about the end of intended to be additional to the normal two dividends a various trees. Regison has searned a 49 per cent interest in the deposit

Palabora Mining, the South

The increase was because the smelter, refinery and continuous rod casting plant were closed for almos: the whole of March last year, with a consequent adverse effect on production of cathodes. Sales were also higher at 97,329 tonnes, compared with 86,494 tonnes last time.

appointed to the board of the CHARTERHOUSE GROUP. Mr Blank is a director and head of the corporate finance department of merchaot bankers, Charterhouse Japhet, and Mr Halpern is president of Charterhouse's New York development capital subsidiary. Charterbouse Group

estimated reserves to 5.3m tonnes, at an average grade of 32 grammes of gold per tonne.

subsidiary of the Australian based Planeer Concrete Services. has oppointed Mr Howard Werner divisional chief executive of Pioneer Asphalts (UK), based at Northampton.

Mr David Glasgow has been appointed managing director of ABBEY UNIT TRUST MAN-AGERS. He has been the director responsible for the company's expansion since 1979.

> Dow Scandia Holdings has appointed Mr Martin T. Myers to the board of ARBUTHNOT PROPERTIES. Mr Myers is to direct Arbuthant Properties' fature development and investment ment programme.

McCORQUODALE has made the following appointments: Mr Chris R. Medier has been appointed manager—group strategy and acquisitions. Mr Norman D. Paget has been appointed commercial director and chief financial officer of McCorquodale Holdings Inc. U.S. Mr Dick J. Beese has been appointed com-

Regalian Properties

Mr M. Victor Blank, a director of Charterhouse Group

mercial and development director

Mr Jon Hawksley has been appuinted to the board of CAYZER with responsibility for corporate finance. Mr Geoff Clay, the principal dealer, has been appointed an absistant director. Caryer is the merchant banking services subsidiary of the BRITISH & COMMONWEALTH SHIPPING CO.

Mr K. F. Dibben has been

appointed a non-executive direc-tor of the METR()POLITAN (IROUP, the holding company for N. Taylor (Engineering) and Antonn Systems.

MCP ELECTRONICS has pro-muted Mr Rosald Adams to managing director. He replaces Mr Syein Davidsen, who has

moved to LSi Logic. Mr Adams' previous marketing role has been taken by Mr Michael Tryphonides, who is promoted to sales director.

He joined MCP as high tech-nology product manager in 1978, from GEC's General Signal.

of McCorquodale Books.

for Marconi

£3.5m order

CONTRACTS

British Telecom has placed a class order with MARCONI COMMUNICATIONS SYSTEMS of Cheimsford for the supply of material feather to be used by digital leased lines. The equipment has a ACE (automatic router-connect equipment) will enable digital leased lines in the Kilostresia service to be routed, tested, and monitored from the national control control, which will be installed at cross-connection sites within the national private circuit digital network. Also lictuded in the order are two control centres, which have the ability to set up connections across the national established connections.

The Croyden division of RABCOCK-SRESTOL a member of the Babcock industrial and electrical products group. has received an order from its U.S. agent J. Arthur Moore Company, of New Jersey, for ell-in-water monitors valued at approximately \$300,000. The equipment consists of 14 type OTHITY tanker deballacting monitors and in excess of 10 type OSM bilgo starm units. Delivery is scheduled for completion before the end of the year.

CGEE ALSTROM and the CGGELEK association have signed a contract with the Nepalese Government for the mrakey construction of a 43 km long power transmission link including a double-circuit three-phase overbead line from the city of Butwai and a supplown substation near Bardhgat. The contract, worth about Mm. is covered by a Franco-Nepslees financial agreement. It is the first of its kind to have been signed by a French contracting firm in Nepsl. Commissioning is scheduled for the end of 1985.

BASE LENDING RATES

A.B.N. Bank Allied Irish Bank Arbathnot Latham ...
Armeo Trust Ltd. ...
Associates Cap. Corp.
Banco de Bilbao
Rank Hapoalim BM ...
RCCI RCCI
Bank of Ireland 9
Back Leumi (UK) pie 9
Bank of Cyprus 9
Bank of Scotland 10 Banque Beige Ltd. ... 9 Banque du Rhone 10 Barciays Bank Beneficial Trust Ltd... Bremar Holdings Ltd. 9 5 Bril Bank of Mid East 2 %

#Brown Shipley 94%
CL Bank Nederland 9 %
Canada Perm't Trust 10 %
Castle Court Trust Ltd. 94%
Cayrer Ltd. 9 %
Cedar Holdings 10 % Co-operative Bank The Cyprus Popular Bk

Hambrus Bank 9
Heritable & Gan. Trust 3
Hill Samuel 9
C. Hoars & Co. 12
Hongkong & Shanghai 9
Kinganorth Trust Ltd. 10
Knowsley & Co. Ltd. 9
Lloyds Bank 9
Mailinhail Limited 9
Edward Mansod & Co. 1819
Montral and Sone Ltd. 9
Midland Bank 9
National Bk. of Kuweit 2
National Girobank 9
National Westminster 9
Norwich Gen. Tat. 9
R. Raphael & S. National Westminster 9
Norwich Gen. Tat. 9
R. Raphael & Song 9
P. S. Refson & Co. 9
Roxburghe Guarantee 8
Royal Trust Co. Canada 9
Standard Chartered 8
Truste Dev. Hank 9
Trustee Savings Bank 9
United Mirraht Bank 9
Volkskas Intul. Ltd. 9
Westpac Banking Corp. 9

Volkskes Intha and Westpac Banking Corp. 9 % Westpac Banking Corp. 9 % Whiteaway Laidiaw 9 % Williams & Glyn's ... 9 Wintrust Secs. Ltd. ... 9

Dunbar & Co. Ltd. ... 9 % months. 8.1%.

Dunbar Lawric 9 % 7-day deposits on sums alt sadar C10.000 51-%. [10.000 sad over 65-%. First Nat. Fin. Corp. 11-% 12-day deposits on sums alt sadar C10.000 51-%. [10.000 sad over 65-%. First Nat. Secs. Ltd. 11-% 12-day deposits over 21-000 61-%. Robert Fraser 10 % 14-day deposits over 21-000 61-%. Grindlays Bank 11-49 % 15-day deposits over 21-000 61-%. Grindlays Bank 11-49 % 15-day deposits over 21-000 61-%. Grindlays Bank 11-49 % 15-day deposits over 21-000 61-%. Common deposits 51-%.

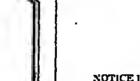
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NOTICE OF REDEMPTION

To the Holders of

Bank of Tokyo (Curacao) Holding N.V. (Formerly Curseso Tokyo Holding N.V.)

8% per cent. Guaranteed Bonds Due 1988

NOTICE IS HEREBY GIVEN that Eight Hundred Fifty Three Thousand Dollars (\$353,000) principal amount of the Bank of Tokyo (Curacao) Holding N.V. (formerly Curacao Tokyo Holding N.V. (8), per cent Guaranteed Bonds due 1988 and bearing the following serial numbers have been drawn for redemption on December 1, 1983, at the redemption price of 100% of the principal omount thereof.

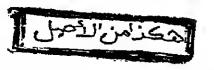
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Payment of the principal amount of each of the Bonds called for redemption will be made on or after Payment of the principal amount of each of the Bonds called for redemption will be made on as after. December 1. 1983 (fpon presentation and surrender of the Bonds to be redeemed, together with all coupons appertuning thereto maturing after December 1. 1983 (fading which like amount of the missing unmatured coupons will be deducted from the sum due tor payment), at the principal office of The Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N.Y. 1886 or at the principal office in the city indicated of any of the following Payme Agents: The Bank of Tokyo Trust Company in London; The Bank of Tokyo, Ltd. in Brussels, Frankfurt am Main, Milan and Paris; The Bank of Tokyo though the following Internationale a Luxembourg S.A. in Luxembourg, The coupon for interest payable on December 1, 1983 should be detached and presented for payment in the usual manner.

On and after December 1, 1983, interest on the Bomis so called for redemption will coase to accrue. BANK OF TOKYO ICL'RACADI HOLDING N.V., By: The Bank of Tukyo Trust Company

Dated: October 25, 1903

as Freezi Agent



NEW YORK STOCK EXCHANGE 26-28 AMERICAN STOCK EXCHANGE 27-28 WORLD STOCK MARKETS 28 LONDON STOCK EXCHANGE 29-32 UNIT TRUSTS 32-33 COMMODITIES 34 **CURRENCIES 35** INTERNATIONAL CAPITAL MARKETS 36

SECTION III - INTERNATIONAL MARKETS FINANCIALTIMES

Tuesday October 25 1983

Further boost for zinc prices, Page 34

WALL STREET

CONTRACT

Convincing rally despite nervousness

U.S. STOCK MARKETS remained nervous yesterday, as investors weighed the implications of last week's sharp rise in M1 money supply and Friday's sell-off in IBM shares, writes Terry Byland in New York

Leading stocks managed a successful recovery from a poor start, with the help of trading statements from General Motors and Merrill Lynch. But over the broad range of the market, sellers were still in the majority as the session came to an end.

The Dow Jones Industrial average ended a net 0.10 higher at 1248.98 after falling below 1228 during the morning. But there were falls in the indices for the American Stock Exchange and the over-the-counter market where a wide range of the smaller high-technology stocks are traded. Volume on the New York Stock Exchange was only moderate with a turnover of 85.8m shares. Stocks with losses totalled 977 against 599 with gains.

In the credit market, yields consolidated around the higher levels reached late on Friday. The serious and tragic events in Beirut at the weekend also served to depress the mood of the market.

Standard & Poors 500

STOCK MARKET INDICES

593.29

139.07

165.99

428.87

464.53

418.96

520.8

81.43

9260.16

675.97

507.8

54.39

2422.3

191.57

147.7

337.27

999.5

767.79

183.79

139.9

114.3

954 64

733.3 905.0

341.2

Oct 19

180.0

COFD (bet onuce)

124.77 125.24

KEW YORK

DJ Transpor

S&P Compost

FT ind Ord

FT-A Ind

Tokyo SE

Metals & Mins

AUSTRALIA

BELGIU

CANADA

Belgian SE

Industrial: Combine

Copenhagen SE

DENMARK

FRANCE

CAC Gen

Ind Tendance

WEST GERMANY

FAZ-Aktien

HONG KONG

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

SPAIN

SWEDEN

J&P

WORLD

London

Zunch

Frankfurt

Paris (fixing)

Luxombourg (fixing)

New York (Oc1)

Madrid SE

SWITZERLAND

Capital Intil

Swiss Bank Ind

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

ITALY

Commerzbank

TOKYO

FT-A All-share

FT Gold mines

FT Govt secs

OJ Utilities

LONDON

End Month Figure:

KEY MARKET MONITORS

Year ago

1031,46

121.54

138.83

374.78

413.94

382.50

406.1

83.37

518.9

416.9

47.36

98.64

326.47 309.3

100.00

118.4

713.8

74.4

1248.88

590.30

138.82

165.95

430.93

466.54

420.87

81.60

9318.98 7324.04

680.98 547.48

516.0

512.9

54.35

2425.2 1803.4

430.71

412.29

193.08

147.9

337.12

1000.0

784.92

115.4

121.62

1387.98 1413.71 765.96

343.5

1803

\$395.00

\$394,50

\$394.14

\$396.50

\$398.30

\$396.125 \$393.875

Yr ago

147.4

\$393.50

\$393.50

\$395.85

957.99 728.72

209.03 210.42

Stock prices opened sharply lower and were pushed down by persistent selling during the first two hours of trading. IBM, whose weakness on Friday trig-gered off selling over the range of the market, traded up \$1% at \$128%.

Bank shares looked steadier, with Citicorp \$1% up at \$32% after a sharp fall on Friday when the market was unsettled by rumours about South American debt

developments. At mid-morning, General Motors disclosed the expectedly strong trading re-sults for the third quarter and this help-

ed to steady the rest of the stock market.

GM, \$1 down while awaiting the thirdquarter figures picked up after the announcement to trade at \$78%, a net \$% higher. Chrysler added \$\% to 29\% while Ford, also with results due, gained \$1%

The oil share sector opened the reporting season with lower profits from Ashland Oil which fell \$% to \$28% and somewhat uninspiring figures from Standard Oil of Indiana which gained \$1

Hugbes Tool, which makes most of the drilling bits for the oil industry, dipped \$% to \$20% after disclosing a \$4m loss for the quarter.

The technology sector had another busy day. Lower profits for the final quarter at Apple Computer were of little further surprise and the stock at \$19% shed only \$%.

Hewlett-Packard added \$% to \$37% hut Tie Communications gave up another \$% to \$25%.

United Airlines, \$1% up at \$31% and American Airlines, \$1% higher at \$32%, maintained the firmer trend of last week but rail stocks shed up to \$1.

T-Industrial Ordinary Index (30-Shere)

September October

232.35 350 7.8925 11.925

3.1775

4.395

2378.5

79.85

41/14

9.25

8.66

Price

95

69% 76%

10.64 99°%2 11.54 99°%2 11.63 101°%2

11.69 102%

Yield

1.843

U.S. DOLLAR

Oct 24

233.25

7.955

2.1175

2.9295

1586.25

(three month offered rate

3-month U.S.S

5-month U.S.\$

(offered rate)

U.S. Fed Funds

1990

2013

3% July 1990

8% May 2000

10% May 1993

11.80 Feb 2013

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

Silver (spot fixing)

Copper (cash)

£50,000 32nds of 100%

U.S. Treasury Bills (ININ)

December

LONDON

Abbot Lab

Alcoa

10% March 1993 92.63°

Federated Dept Stores

10% May 2013 87,132°

12% Dec 2012 96.16" 12.75"

U.S. 3-month CDs

U.S.3-month T-blik

53.25

1.23225 1.23125

Previous

2.0995

2.904

1572.5

WITEREST RATES

U.S BONDS

Oct 24

64.23* 11.65*

68% 10.50° 76% 12.05°

FINANCIAL FUTURES

91.07

90.27

COMMODITIES

71-03 72-23 71-00 72-10

91.11 91.06 91.26

90.44 90.38 90.58

90.28 90.24 90.45

Prev 634.50p

£965.50

£1917.00

106-28 107-23 106-22 107-25

642.20p

£957.50

\$28.65

£1932.00

9923/m 10113/m

52.72

***1300

720

700

680

Oct 24 Previou

1.502

349.2 11.85

3.155

4.3625

79.17

9% 4%

13%

9%

9%

9.35

8.50

11.58

Yield

10.40

12.05

91% 12.10

97% 12.55

Merrill Lynch, the market's largest securities trading house, put on \$1% to \$31% after the third-quarter results.

Trading results hrought gains in Phibro Salomon at \$28%, Eaton at \$45%, and Ampco Pittsburgh at \$12%. McDonald's, the fast food chain, added \$1 to \$68% on higher third-quarter earnings.

Treasury Bills were a few basis points below Friday's final quotations with the three-month bill at a 8.69 per cent discount and the six month at 8.89 per cent. The key long bond at 102½, yielding 11.69 per cent was about half a point below. Friday's close low Friday's close.

EUROPE

Bourses wait for lead from U.S.

IN RITUAL fashion, most European bourses waited and sought guidance yesterday from Wall Street's reaction to last Friday's hulge in M1 money supply figures, while Middle East events continued to cause concern.

Pending a New York response, Frankfurt was the only market to show signs of determination and the FAZ index of 100 leading shares rose to a new all-time high of 337.27, up 0.15, although the Commerzbank index was 0.5 off last Friday's 23-year peak of 999.5.

Strong demand for luxury car makers saw Daimler-Benz advance DM 40 to DM 702 and BMW rose DM 11 to DM 412 although VW shed DM 2.20 to DM

Banks were weak with Deutsche DM 6 lower at DM 313.50, while Commerzbank fell DM 4.50 to DM 175.50 and a capital boost for Bayerische Hypobank forced DM 3 off the shares to DM 288.

Major chemicals lost ground. BASF gave up DM 2.40 to DM 156.50 and Bayer was 70 pfg weaker at DM 155.80.

Domestic bonds and DM-denominated foreign Eurobonds were priced gen-Active trading in Paris left prices

mixed despite some confusion over new trading procedures on the bourse and the % point drop in call money to 12 per cent. The Beirut bombings and U.S. strong sentiment Advances included Bouygues FFr 12

ahead at FFr 697, while Carrefour was FFr 30 up at FFr 1,340, Moet Hennessy was FFr 20 higher at FFr 1,320 and Roussel-Uclaf was FFr 12 firmer at FFr

Insurance and banking shares were hardest hit in Amsterdam yesterday with noticeable weakness in international stocks.

Amro slipped 30 cents to FI 60, Ned-Mid Bank fell FI 1 to FI 147.5 and ABN incurred a Fl 3.5 drop to Fl 364. Royal Dutch was Fl 1.4 off at Fl 130.4, KLM with first-half results due next week lost FI 2.7 to FI 151.3 and Philips eased FI 1.3 to FI 48.1

Sensitivity to Lebanese events and technical factors pushed Milan lower in light trading.

Leading industrials, banks and insurance stocks were among the big losers. Flat dropped L39 to L2,840, Mediobanca lost L650 to L62,300 and RAS fell L1,400 to L135,500

Belgian and foreign shares ended mixed to lower in Brussels. Wiremaker Bekaert slipped BFr 10 to BFr 2,930. Chemical shares were firmer with Ge

vaert up BFr 5 to BFr 2,485 and Solvay BFr 70 higher at BFr 3,290. Featureless trading dominated Zurich with prices broadly lower. A sharply higher dollar, M1 ruminations and pro-

visional results of Swiss parliamentary elections affected sentiment. Some industrials and insurance issues gained ground against the trend.

Rumours of plans for new capital gains taxes persisted in Stockholm as losses mounted in thin trading.

LONDON

Early fall is sustained

LEADING SHARES failed to recover from an early mark-down in London as investors stayed out of the market in anticipation of Wall Street's sharp early

The Financial Times Industrial Ordinary index, which was 3.7 lower at 10am, eased further after hours to close 4.5 down at 684.8.

The market was dominated by overseas events. The implications of Friday's rise in the basic U.S. money supply measure, M1, the Beirut bombings, which heighten Middle East tension, and the Latin American debt situation were all considerations.

The recently firm gilt edged market met a more cautious approach. Optimism about domestic rates cooled and longer dated gilts soon shed ¼ or so before buyers ventured in.

Closing falls among the longer gilts stretched to % while sborter dated stocks ended around % easier. Details, Page 29; Share Information Service,

Blue-chip issues take a tumble

PRICES GENERALLY moved lower in Tokyo yesterday on bad domestic and overseas news. The only bright spots for stocks were among oils, shippings and speculatives, while prices in the government bond market were steady to slightly lower, writes Shigeo Nishiwaki of Jiji

Press.
The Nikkei-Dow Jones market average once more lost its grasp on the 9,300 level, with a sharp 58.82 fall to end at 9,280.18 in extremely light volume of 139.06m shares, the lowest for this year.
The cold water that drenched the mar-

ket was attributed to an unexpected hulge in the U.S. money supply (announced on Friday), fears of a poor showing on Wall Street after the weekend, the yen's plunge against the U.S. dollar on the Tokyo foreign exchange market, uncertainty over the domestic political situation and the growing ten-sion in the Middle East.

Many large brokerage bouses and in-stitutional investors stayed on the side-lines until Wall Street had time to react to the money supply figures and tension

in Lehanon.

In the absence of investor interest, hlue chips particularly fell on small-lot selling, with Fuji Photo Film losing Y50 to Y1,960, Sony Y60 to Y3,460 and Kyocera Y130 to Y6,670.

Among other quality issues, Hitachi shed Y10 to Y852, Fujitsu Y40 to Y1,230 and Matsushita Electric Industrial Y10 to Y1,630, with gains posted only by Pio-neer Electric up Y20 at Y2,820 and Hon-da Motor Y5 at Y1,000.

Meanwhile, oils and shipping issues moved higher in reaction to the growing tension in the Middle East, Telkoku Oil put on Y26 to Y837, Nippon Oil Y10 to Y1.170 and Toa Nenryo Kogyo Y10 to

Speculation of higher freight rates sent Japan Line rising Y7 to Y170 and Shinwa Kaiun Y5 to Y157. But non-ferrous metal issues fell, with Sumitomo Mining down Y20 at Y1,330.

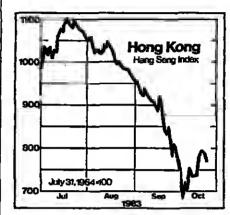
Bond prices eased during the morning on a flurry of selling by medium and I vanced however by 3 cents to

small-sized securities firms amid con-cern about the Beirut situation, but recouped some of the loss on small-lot buy-

ing hy a trust bank of long-term govern-ment bonds with about two years remaining to maturity.

The yield of the benchmark 7.5 per cent long-term government bond matur-

ing in January 1993, rose sharply to 7.79 per cent in the morning from 7.75 per cent at the end of last week, but fell back to 7.76 per cent in the afternoon.



HONG KONG

Depressing dollar link

LIGHT TRADING throughout the Far East left most market indices lower yesterday with the Hang Seng index in

Hong Kong some 17.13 down at 767.79.
In broadly featureless trading, dealers attributed linking of the local currency to the U.S. dollar as a major depressant on the market, which has now lost over 1,100 points from its all time high of 1,810.2, set in July 1981. Continued uncertainty over future relations with Chi-

na haunts political and financial sectors

Official data released yesterday indicated that consumer prices in the Brit-ish colony rose by 2.1 per cent in Sep-

Hang Seng Bank was one of the larger losers on the day, down HK\$1.5 to HK\$32.5, while Hongkong and Shanghai Banking slipped 5 cents to HK\$6.9 ex dividend. Overseas Trust Bank ad-

SINGAPORE

LACKLUSTRE TRADING hit Singapore yesterday, pushing the Straits Times in-dex 3.35 lower to 954.64. The absence of any particular positive factor led the market into a downward drift. One dealer noted resistance would be encountered during a rally once the index reached 965 unless volume picked up.

Banks were generally unchanged or lower whereas properties drifted lower and motor issues were mixed. Malay Banking was unchanged at S\$9.55, but UOB added 5 cents to S\$5.4.

Cold Storage lost 4 cents to SS4.92 and Straits Trading slipped 5 cents to S\$5.5.

AUSTRALIA

TECHNICAL FACTORS combined with depressed metals prices to edge Sydney stocks lower in light trading, leaving the All Ordinaries Index at 682.7, a loss of

Banks were sharply lower, although retailers, media and transport issues

fared better. BHP was 22 cents off at A\$11.80, Ampol 1 cent lower at A\$1.92, while Wood-side shed 3 cents to A\$1.24. CSR dropped 7 cents to A\$3.75 and Western Mining

fell 6 cents to A\$3.53. Elsewhere, the Australian Associated Stock Exchanges have proposed liberalisation of entry requirements into the broking industry.

SOUTH AFRICA

GOLD SHARES ended mostly firmer in Johannesburg but the market was hesitant in the wake of the weekend events in Beirut,

Prices were generally little changed from opening mark-ups, in line with the firmer bullion price. President Brand added RI to R46.50 hut a few small losses were also noted.

Mining financials, platinums and diamonds mirrored golds with Anglo American adding 20 cents to R19.10, and De Beers 10 cents ahead at R8.95.

CANADA

OIL and gas stocks in Toronto suffered sharp price sethacks hy mid-session yesterday, with metals and mining issues succumbing to the underlying weakness in the resources sector.

All major stock sectors were lower in Montreal, with heavy losses in banks and Industrials. Papers and utilities re-

"Stop whining, Potts. If the board wants faster customer service, then it's as good a way as any . . ."

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From The Banker

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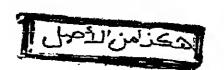
Minster House Arthur Street

Telex: 8814734

London EC4R 9AX

eille	Mon	t	6,24		do	Pref.		8,900	~30	Zurich	Ins.	17,150 -75 suspend	L M	Ex a	dividen	d. 361	Ex gards braun.	ne l'e elgère.
			_	1	nc	lic	es				-		Oct.	Oot.	Oct.	Out.	High	PES Low
ΙΕΊ	N Y	YOF	RK.a	NO. PE					. •			AUSTRALIA All Ord., 1/1.98) Metals & Minis. (1/1/60)	\$82.7 607.4	608.5 512,3	610.2	678.A :	758.7 (12:5) 814.2 (8:3)	487,8 (4. 1) 413,8 (4. 1)
	1	Dez	Dez	Ocz	Det	Det	Der	1	583	Since 0	Orași de la	AUSTRIA Gredil Aktien(2-1/62)	64.80	54.36	54.58	54.43	58.8 (6.5)	48,48 (16/2)
	_	24	21	20	19	18	17	High	Low	High	Lim-	BELGIUM						
dustr	=	248.98	1245,83	7251.52	1245.7	5 1250.1	1258.	7 1272.1	5 174.39 (FI/D)	7272.15 D/16/13		Selgian SE (81)12-66)	124,77	125.94	128.75	125,07	184.4% (1.40	780.00 (4:T)
rança	ят (5	93.25	590,3	58 1.36	583.85	585.4	7 531.8					Copenhagen SE (3/1/85)	721,67	(EX,40	195.17	151.33	294,22 (15/8)	100.00 (5-1)
Uotaie	•	35,67	13 1.82	13E.34	135,99	137.3	138.2	(17/16 140.84 (16/16	158.44	163.32 1894/18	18.85	FRANCE CAC General (51,12/82) Ind Tondance (81/12/82)	123.5	(q)	143.7 147.5	140.0 : 148.7	141,8 +17:10) 160,7 (17:10)	96,7 18 15 26,8 16:11
edaq BCOU	51	8575	\$154	2580	10779	2164	m	-	-	-	-	GERMANY FAZ-Aktien (51/12,58) Commerzbank (Doc (658)	387.17 200.5	887, 12 1000,0	134,15 940,5	\$54,83 \$22,2	327,27 (24/16) 1000,0 (81/16)	201,30 (25/1) .727,3: (25,1)
					Oct 14	T	ka 7	Sep 30 (Year Ago Appres)		(dates)	HONG KONG							
de ya	¥ %				4.41	1_4	1.38	4.51		5.49		Hang Seng Bank (\$1,7,64)	747,78	74,02	286.11	794,64	1100.04 (21,7)	- 890,66 14.70
	E AR	D POUR	5									SANCE COMM Hat. (1872)	185,72	185,42	100.10	182,72	214,25 (21/5)	160,45 (10,1)
		Oct	Oct	Oct	Oct	Oct	0et	194	13	Since D	englet o	JAPAH~ Nikkei-Dow (86,5,48)	9360.16	RETR. 91	9214 84	-	WEEK 150 100	Tent 19 .00 4.
		26	21	20	19	18	17	High	Low	High	Low		675.87	421.00	679.80	676,00	9665,35 179.10) 689,80 (7.18)	674.61 (25 h
adustr Amore			187.86	155.58	188.05	185.4	152.48	193.22 (234)	154.85	193.22 (2/543) 178.89	3.52 (84/3)	- NETHERLANDS AMP-CBS General (1970) AMP-CBS Indust (1970)	123.2 3.44.5	141,2 115,4	140.9 175.1	141.1 115,8	144.9 (11:10) 118,4 (18,10)	700,1 14 11 85.0 rd. 11
								(22/1)	(J) (I)	(2/1/13)	(Ingrasi)	NORWAY OND SE (4/1/88)	203,61	#10,42	#10.25	209,84	#17,50 i 10.10:	20.01 14.15
fr vi	id Ro				Oct 19	_	et 12	Oct 5		eer Age(A		SINGAPORE						
P/E	Letie .				14.45	1	4.73	14.51		10.20		Straights Times (1965)	201,34	507.A	465.63		892,67 (26·th)	712.23 (5.7)
g Gav	Bond	Tield			11.38	1	1.57	11.21		10.52		Gold : 1858:	(u) 10)	727.8 206.1	706.4 806.7	755.7 81 i.8	1099.5 (7-2) 868.7 (26-8)	134,5 (39.5) 134,5 (5.1)
SE A	T CO	MONTH.						FISES	ANS FA	us .		SPAIN						
	Det	Det	Dez	1	923			0	ct 24	9et 21	Dat 29	Magrid SE (61/12.81)	1Ç1	191,62	121,60	121.86	121,36 (75 104	60.52 (11:1)
-	21	20	19	High 442,87	Low		ANS BRIDE		972 605	1988	1954	SWEDEN Jacobson & F. (1.1:58)	1237.50	1415,71	1429,33	1411,26	1579,00 (6,5)	福集津 (3.))
			_	1E-21	79.71 LFT	Fal	etsanged .		977 390	979 393	899 394	SWITZERLAND SwissBankGpn, (\$1,17.58)	41,2	145,5	1,548	842,8	847,0 14 B1	294,4 :4 1:
NTREA	L		- 1	Det	Det	Det	Det		19	83		Capital Intl. (1:1:78)		100 B	140 0	174 4	105,6 (10,10)	
				24	21	28	15	Mag	*	Lo	W			-60.0	1844	40.7	100.0 1 10.10	134,8.5.11
	Cont	indis incid		(1) 13	430.71 412.25	415.55	413.51	653.86 641.29		379.5 319.4		(**) Squarday	Oct. 22	: Japa	m Niki	en Dow	931A 96 YEF 4	26.54
ÛHTÔ	Dog	Carle			2425.2		765.3	2591.2		1949,		Soc. NYSE All Common	dicas a	ne 100	EXTEN	Auntes	LA AH Audamen	a seed before the
BEOR!	25. C	LOSING	VALUES	YESTER	BAY'S C	ANAMA	I NOTES	LATEST				last named Based on 197	5 t E	e person : Cherlifu	DASE D	2. 1 40	19197 pma;vr ≥ tentkulmuč	any www.jeegs

FINANCIAL TIMES SUBSCRIPTION RATES





MARKET REPORT

Overseas events dampen investment enthusiasm and

Account Dealing Dates
Option

*First Declara- Last Account
Dealings tions Dealings Day
Oct 17 Oct 27 Oct 28 Nov 7
Oct 31 Nov 10 Nov 11 Nov 21
Nov 14 Nov 24 Nov 25 Dec 5

*New-lima donlings may take
place from 9.30 sm Iwa businasa daya
earlier.

in U.S. money supply and the subsequent sharp fall in bond industry prospects. Tarmac prices as abort-term interest rates there rose prompted a 10 to 410p; a large line of stock more cautious approach to the receotly firm gilt-edged market, been ploced. Blue Circle softened 3 to 412p, while London Brick rates cooled and longer-dated eased 1½ to 96½p. Elsewhere, gilts soon shed ½ or 20 before huyers venlured in, Demand was satisfied fairly quickly, however, and the tone eased as operators 225p following adverse Press huyers veniured in. Demand was satisfied fairly quickly, however, and libe tone eased as operators awalled the U.S. bond markel'a reaction to details of the U.S. Government's buge quarterly financing operation, sheduled to be announced on Wednesday. Closing faila among longer gilts finally streiched to i, while shorler-dated stocks ended around ik easier,

International debt worries resurfaced to undermine the major clearing banks. Prices were marked lower at the outset and continued to retreat on sporadic bouts of selling. Barclays lost 10 to 435p as did Lleyds, to 445p. while Middland fell 9 to 388p and while Midland fell 9 to 388p and NotWest 8 to 577p. Elsewhere, Grindlays gave up to 8 at 152p on lack of support and Standard Chartered chezpened 5 to 418p. Dealings in Bank Lumi third-quarter figures are due on resumed, at £13½, following the reconstruction and capital changes.

After last week's flurry of Charterest 2 to 278p, but Plysu attracted the company's plans to issue Im shares, balf of the company's plans to issue Im shares, balf of which are to be offered in the UK. Security Centres rallied

EQUITY GROUPS

& SUB-SECTIONS

market trade quietly lower

Dealings tions Dealings Day Oct 17 Oct 27 Oct 28 Nov 7 Oct 31 Nov 18 Nov 25 Dec 5 Newthern dealings may be saider the substitution of the form of the current trading Account got under way yesterday institutional investors showed no inclination to commit fresh funds after last week's foray on hrighter economic news. U.S. growth in the third-quarter was particularly encouraging, as were the latest CSO findings on UK trends which preceded the Chancellor's prediction of lower inflation next year.

Interest in Composite Star, interes

before closing a net 40 down at 225p following adverse Press comment and chairman'a cautious statement on current trading, Among the few bright, spots, John Fiblan firmed 4 to 186p; the interim results are expected this week and yesterday the company was awarded a construction contract worth £1.5m. British Dredging hardened 2 to 48p on newa that RMC bad increased its stake in the company to 24.42 per cent. Roberts Adlard, still reaponding to the increased half-yearly profits and Board's confident statement, firmed 5 to a 1983 peak of 140p, while Ramus, which recently revealed good preliminary results, rose 3 to 93p.

FT-ACTUARIES SHARE INDICES

and the Faculty of Actuaries

Cross
Div.
Yield %
(ACT

Index No.

No.

Mon Oct 24 1983

FINANCIAL TIMES STOCK INDICES

	0et. 24	Oct. 91	0 01	Oct. 19	net.	0 02 17	year ago
Government Recs	81,43	81,60	81.38	81,12	81,23	21.26	83.37
Fixed Interest	84.90	84,96	84,56	84.50	84,61	84,29	84,52
Industrial Drd	685.e	589,8	581,0	e78,4	678,2	277.6	604.e
Gold Mines	e20.8	e1e.0	510,0	521.0	532,1	541.2	406.1
Drd. Div. Yield	4,94	4,92	4.91	4,99	4,22	4,92	4,72
Earnings, Yid.% (full)	2.81	2.77	2,75	2,90	2,80	2.88	10.62
P/E Ratio (ns1) (*)	12,73	18.78	12,81	12,65	12.66	12.68	11,55
Total bargains	17,402	17,083	16,886	21,166	91,704	90,021	22,474
Equity turnover £m.	_				167.52		
Equity bergains	_	13,866	15,211	15.022	14,882	16,558	20,784
Shares traded (ml)	. -		106.0			115.7	
10 am 886 1	41 -	m 896 3	Moor	898 R	1 pm	696 9	

2 pm 588.2. 3 pm 686.1. 2esie 100 Govt. Secs. 18/1/28. Fixed Inj. 1928. Industrial 1/7/35.

HIGHS AND	LOWS	S.E. ACTIVI	LY
	··· · ——	,	
1983	Since Compilat'	nį Oct	L Oct
High 10	w . Wat low	- 21	20
High Lo	w High Low		_ '

that amount to 184p. Elsewhere, Novo Industries B lost 74 points to £214.

Leading Stores were in lethargic mood and with the ex-ception of Woolworth, o few pence dearer 2t 253p, tended to drift lower. British Home, which drift lower. British Home, which announced good interim results last week, and House of Fraser, both eased 2 10 209p and 215p respectively. Currys shed 7 to 315p and Comet 3 to 275p, but Grattan hardened 2 10 46p, lhe last-mentioned following Press mention. Peters closed 6 bigher at 94p in front of next week's mention. Peters closed 6 bigher at 94p in front of next week's full-year results, while Foster Brothers Clothing, balf-timer due to morrow, firmed 2 to 84p. Press comment suggesting 2 possibla link with Mr Asil Nadir prompled early demand for Kraft Productions, which spurted to 190p before reverting to Friday's closing level of 170p following a statement from Kraft defusing recent speculation.

Press comment generated interest among Shoes and Leather. FH advanced 6 to 105p following a "buy" recommendation, whils Strong and Fisher, due to reveal preliminary results shortly, firmed to 83p before

Tues Oct 18

Wed Oct 19

11.81

11.98 11.92

11.86

11%

11.49

	Oct. 24	Oct. 91	90 90	Oct.	net.	0 02	ago ago
Government Reca	81,43	81,60.	81.38	81,12	81,23	81.26	83.37
Fixed Interest	84.90	84.9 e	84,56	84.50	84,61	84,29	84,52
Industrial Drd	685.6	589,8	581,0	e78,4	678,2	277.6	604.e
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Earnings, Yid.% (full)	2.81	2.77	2,75	2,90	2,80	2.88	10.62
P/E Ratio (ns]] (*)	12.73	18.78	12,81	12,65	12.66	12.68	11,55
Total bargains	17,402	17,083	16,886	21,166	91,704	90,021	22,474
Equity turnover £m.	_	182.50	179,88	210,09	167.52	171,83	182.7a
Equity bergains	_	13,866	15,211	15.022	14,882	16,558	20,784
Shares traded (ml)	_	110.8	106.0	181,2	101.e	115.7	99.0
						- /	
10 am 686.1.	f1 a	m 886 3,	Noor	686.B.	1 pm	686.9.	

	19	B3	Since Co	mpila1'n		Oct.	Oct.
	High	Low	High	Low	 -		
Govt, Secs	83.60 114/6)	77.00	127.4	(3/1/76)	—Deily Gift Edged Eargains Equities	151.2	158,5
Fixed Int	84.25	79.05	(28/11/47)	60,58	Bargains Valuo	32.8 358.5	98.e 565.6
Ind. IIrd;	740.4 (22/8)	888,4 (12/1)	740.4 (22/8/86)	(26/6:48)	6-day Avrge : Gilt-Edge0 Bargana	153.8	159.4
Gold Mines	784.7 (15/2)	510,0 (20/10)	734,7 (15/2/88)	4e.e (25/11,/1)	Egullies	97.1 364.4	105.0 403.2

further to 190p, up 5, with the aid of an investment recommendation. Elsewhere, High Technology stocks made an irregular showing. Miccofocus rose 25 to 550p and CPU Computers 4 to 512p, but losses of 5 were marked against Scan Data, 95p, and Farnell. 303p.

tion, whils Strong and Fisher, due to reveal preliminary results shortly, firmed to 83p before closing only g penny up on balance at 80p.

Mirroring the general trend, leading Electricals were usually a shade lower. Security Tag were quoted 65 lower at 335p following news of the company's place to issue im shares, half of

Garford-Lilley up

Miscellaneous Industrial leaders were inclined easier in extremely atow troding. Occasional seiling left BOC 8 cheaper at 229p, while Glazo eased 5 to 735p and BTR 4 to 521p. Beecham were a couple of pence off at 300p. Elsewhere, Garford-Lilley Industries featured with a rise of 16 to 54p on the announcement of a possible merger with Williams Holdings. Reed Executive were also noteworthy for a rise of 6 to 45p in worthy for a rise of 6 to 45p in response to the interim profits recovery. Speculotive demand lifted Bellair 45 to 625p, while J. Bibby, reflecting news of the sale of its edible oil subsidiary and related assets for opproxi-

fell 11 to 312p, awaiting deve-lopments on the hid fcom Crystalale. Londsn and Livercrystalale. Londsn and Liverpool encountered selling, triggered by further adverse comment, and touched 39p before settling 4 off on the day at 43p, but Applied Computer picked up 5 further at 345p. Prestige Gcoup, a good market last Friday on the possible sale by the U.S. p2rent of its 74 per cent stake in the group, eased 5 to

firm Pineapple Dance Studios, at 130p.

The good reception given to the new Jaguar models of the London Motorfair prompted renewed support of BL, which bardened 3 to 63p; buyers were still anticipating the sell-off of this profitable division. Elsewhere in Motors, Lex Service eased a couple of pence to 303p ex-the rights lasue; the new nilpaid opened 2t 30p premium and alipped to 28p premium before recovering to close at 32p premium. Press comment lifted premium. Press comment lifted BSG International 2 penny 2t 17½p, after 15½p, while British Car Auction remained in demand ahead of next Tuesday's preliminary results and ended 4

after last week's better display. Land Securities and MEPC shed Land Securities and MEPC shed a couple of pencs to 309p and 219p respectively, while Great Portland Estates were similarly easier at 128p. The sector, bowever, produced one bright feature in Percy Bliton, which rose 13 to 235p on revived lakeover speculation. North British Properties chill assisting details Properties, still awaiting detail of the Sun Life bid approach touched 160p before cloaing a penny cheaper on balance 2 156p. The award of a contract worth £2.65m made no impression on Espley-Tyas, unchanged

at 80p.
Favourable weekend mentio brought a couple of noteworth, gains to Financials. Antofagasis stood out with an advance of 12 to 90p, while Altken Hume, a depressed market recently, depressed market recently, railied 5 to 185p, after 188p. In contrast, Exco International remained out of favour and, in a thin market, reacted 20 al 505p. Mercantile House closed 10 cheaner at 308p.

Sun (UK) revive lethargy and, spart from a loss of 4 to 558p in Sbell, movements of 4 to 5989 in Shell, movements were limited to a few pence either way. Sepculative stocks were featured by a revival in Sun (UK) Royalty, which jumped 35 to 325p on exploration bopes. RCA responded to weekend Press mention with a rise of 5 to 46p.

Golds disappoint

Although closing with overall gains mining markets proved a major disappointment.
Increasing international tension, prompted by the Beirut bombings and the latest news of the Iran/Iraq conflict, pcompted an initial mark up of gold mining shares and related Issues which anticipated o strong per-formance by bullion markets. In the event bullion showed only a marginal improvement in early trading before edging higher in subdued husiness to close soms \$2.25 firmer ol \$396.125 an ounce.

mately £14m, improved 5 to The gold sharemarket res-320p. Pauls and Whites, an old ponded by drifting easier for bid chestnut, rose 7 to 280p. much of the doy before steady-Royal Worcester, in contrast, ing to close with amall-scale

geins on halance following late support from the U.S. The Gold Mines Index added 4.8 at 520.8, extending the rise over the past two trading days to one of 10.8.

Among the heavyweights. Western Holdings rose i to £30i in belated response to last week'e results and the good interior dividend, while similar gains were posted by Kloof, £26i and President Brand, £27i. Cheaper prired issues were generally slightly firmer on halsore.

the U.S. parent of its 74 per cent stake in the group, eased 5 to 205p. Dealings restarted in Friedland Doggart, at 167p, following the result of the company's tender offer.

Press comment stiroulated interest in Boosey and Hawkes, which touched 173p before closing a net 6 up at 170p; the interim results are due tomorrow. On the other hand, positiating clipped 10 from receotly-firm Pineapple Dance Studios, at 130p.

halsore.

Financials closed mixed after an initial upward move that mirrored the treod in Golds. Gold Fields of South Africa were finally 4 to the good at £67; and "Johnnies" a point harder at £81 while De Beers closed 2 better at 520p, after \$25p\$. London stocks showed little overall change despite the downlum in UK equities and a poor opening on Wall Street. Minorco, bowever, dropped 22 to a year's low of 628p on American closed 2 better at 520p, after 525p. London stocks showed little overall change despite the downlurn in UK equities and a poor opening on Wall Street, Minorco, bowever, dropped 22 to a year's low of 628p on American selling following the peofits selhack from the 27 per cent owned Phiboc Saloman,

Platinums attracted persistent

Platinums attracted persistent having interest, double figure gains being common to Impala, 780p. Lydenburg, 510p and Rustenburg, 680p. Australians remained in the doldruma. Weok Sydney and Melbourne markets overnight

and disappointment with precious 2nd base-metal markel2 encouraged scattered small selling but losses were minimal.

Qulet conditions among
London equities again precluded
support of Traded Options,
which despite the odded inrentive of tomprrow's expiry of the October series, only attracted 1,338 contracts, the lowest level for over a month. Calls totalled 512 of which Courtanids and ICI accounted for 145 and 146 trades respectively.

RISES AND FALLS

	Risos		
Sritish Funds	1	77	23
Carpne, Oam, end			
Foreign Bonds	3	12	58
Industrials	188	307	896
Financial and Prop.	60	141	312
Olle	75	26	73
Plantations	1	3	17
Mines	56	30	82
Others	37	71	61
Totals	261	667	1 527

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (23)
CORPORATION LOANS (1)
G.L.C. 1349C 1982
Gen Fands Cora
Roberts Adlard Linnes (1)
Roberts Adlard STORES (1)
W. W. Group Mallerware into the process of the p Gramalan TV A Trident TV A HTV Nonvito HOTSE (1)
Horst (Charles)
Black (A & C. Elack (A & C) TEXTILES (11 Early's of Witney TRSTS (4) Mid Wood Inter Antology Mid Wynd Inter Antolagasta Hidgs Safeguard Ind'i Int'i Inv Trust Jer PLANTATIONS (1)

POTENTIAL STATES OF THE PROPERTY OF THE POTENTIAL STATES OF THE POTENTIAL STAT NEW LOWS (25) Toch ENGINEERING 15) Howden Group Weir Jones & Shipman Struktus (S) Bladle Transcont Servicin & Liverpool Twills (George Saerrow (G. W.) PROPERTY 11) Whittington Int'l TEXTILES(1) OILS (1)

•	isauo prios	Amount	Renuno.	19 High	Low	Stock	Cioning	+ or	Na i	Coverad	Yield Field	Railo
	#103 176 176 176 140 960 921 ***********************************		7/10 22/11 2/11 10/8 — 	24 112 290 216 170 103 85 81 105 170 74 81 78 610 101 101 101 101 101 101 101 101 101	201e 109 1237 190 185 160 107 75 78 27 140 e5 871 53 81 52	#A. & M. Nire 10p #A.com Computer 1p. Allantic C'mptters 10p. Brit. Petroleum #Bryson III & Gaszip #Cent'l IndTVN/V50 Coln Inds. 10p #A.com'l IndTVN/V50 #Edinb'oh Fd. Man 5p. Europ'n Assets 11p #Flaxtosh 10p #Flaxtosh 10p #Freshbako Foods 5p #Imtec Group 10p #Imtec Group 10p #Allanmet Hidgs 10p #Allanmet Hidgs 10p #PCT Group 10p *PCT Group 10p *	105 277 194 160 107 20 103 140 74 67 63 51 600 158	-2 +8 -2 -1	50.1 52.25 80.29 3.3 12.1 bg1.2 7 9193 10.25 bg1.7 u0.25 b1.0	11.1 6.2 1.9 2.4 55.8 2.6 1.0 2.7 2.5 11.2	0.7 1.27 4.55 3.1 3.4 0.6 0.53	14.6 12.0 52.8 15.5 16.6 15.2 21.1 12.9 21.3 74.5 81.4
l	100		25/11	100	87	rotionham Notspur	87	-51 ₂]	b 4.0	1.2	5.5	2.5

FIXED INTEREST STOCKS

terne troop	Nigh Low	l Stock	Olasing price £	<u>+</u> º
95.756 £25 4100 £10 100 F.P. 97.258 £25 4100P 250 Nill 	- 26;; 253; 211; 213; 211; 211; 211; 25; 25; 25; 25; 25; 25; 25; 25; 25; 25	Allied Lyons 11% Deb 2009 Australa 11% pc. Ln. 2015, Bristol Waterworks C.C. Red. Prf. 1980 E'tbourno W'tworks 12 (ppR. Deb. 2004) I'relend 12% 2003 LASMO 9% Cum Red Pref. Lon. Shoo Prop. 8pc Cnv. 94/99 Ser II. shationwide 10.; 3 Bds. 6:10/84 1805 Coconisn 10%; Cum. Red. Pref. 1805 Rockware 7.7; Cum. Gnv. 2nd Pref. Trollord Perk Evt. 11%; 2007;10 Westland 13 % Deb 2008 , York Waterworks 6.75pc Red. Prf. 1988	95. 111: 104:2 261: e2p 1:0m 100 110: p 950 97 101:2.	++ -+ · · · · · · · · · · · · · · · · ·

"RIGHTS" OFFERS

	rice	Amou paid	Rer	test iunc, bib		Low	Stock	문을 + <u>o</u>
81	75 20 50 35 11 20	F.P. Nii F.P. F.P. Nii F.P. Ni		82/10 28/10 12/11 - - - - - - - - - - - - - - - - - -	8pm 82 87 5pm 81 70pm 93 80 56 32pm 11pm 45 45 45 152 81-pm	7pm 22 3pm 50 70pm 83 18 41 30pm 7pm 52 40ig 152 54pm	Anglo-Indonosian Aran Energy 20p Assoc. Paper C. H. Industrials 10p Cartwright IR.1 10p Carnar Booth Helene of London 10p Inter-City Inv. 20p Lex Service MFI Furniture 10p IMARION Pot. 10p Munton Bros. 10p Sparkfield Foundnes 5p Pritchard Servs Exampang Mavai 2:pp Utd. Newspapers	103 70m 03 24 5pm e0 70om 510 -15 86 +2 12 -2 11pm +1 62 -1 40 -2 132 -2 132 +2 71spm -1 233 +5

Renunciation data usually lest day for dealing free of stamp duty. In Figures based on prospectus estimates. It Dividend rate paid or payable on part of capital: cover based on dividend on luft capital. It Assumed dividend and yield. It Forecast dividend cover based on previous year's semings. If Dividend and yield based on prospectus or other official estimates for 1963. It Dividend and yield based on prospectus or ather official estimates for 1963-84. Q Gross. I Cover allows for conversion of shares out now ranking for dividend or ranking only for reaching dividende. If Figures or report swalted. I Placing price. I Pence unless atherwise indicated. I I I saued by tender. If Discout to holders all aridinary shares as a "rightm." I saued by war of capitalisation. If Instituted in connection with reorganisation morger or take.over. If introduction. I I saued to former preference holders. It Allotment letters for fully-paid). I Provisional or party-paid aligument letters. If With warrents, I Effective issue orice after early. I Farmerly dealt in under special rule. It Ocet in under Rule 163 (3). It Unlisted Sacurities Market.

First	Last	Last			
Deal-	Deal-	Declara			
Ings	ings	tion			
	Nov 4 Nov 18 Dec 2		Feb 20		

Share Information Service Slocks favoured for the call

included Polly Peck, ICL, Londsu and Liverpool, Hogg FRIDAY'S Robinson Security Tag, North Kalgurii, Boots, Initial Services, ACTIVE STOCKS Atlantic Resources, W.E. Norton, Trust Securities, UKO, Tozer Kemsley and Millhourn Pauls and Whites, KCA, Snter Deferred, Samantha, Samson, London Scottish Finance, Carelo and Stewart Nairn. A put was taken out in Sun (UK) Royalty. Doubles were orranged in Suter Deferred, Amber Day, Hanson Trust and Belgrave (Black-

LONDON TRADED OPTIONS

ACTIVE STOCKS

Above average ectivity was noted in the following stocks yesterday.

Based on barg		orded	n Stack
Exchenge 11thc			
		Friday's	
21ock	changes		change
Hogg Robinsan	20	127	+ 9
Glaso	. 14	740	-
Cmmrcl. Union	13	159	6
1 C I	13	552	6
Royal Insurance	15	478	-20
Arian Elect	12	170	+13
Berclaya Bank .	12	445	- 3
Midland Bank		397	Š
NatWest. Bank		585	3
Tudont TV 'A'		10B	+ 2
Seecham	11	302	3
2001a	11	153	— š
GEC		186	- ă
Lloyda Bank		455	- B
	• •	700	

Nov. Feb. May Nov. Feb. May

7	CAPITAL COO	A (203)		42	7.42	0.5	9.72	4.33	13.27	429.76	431.82	425.78	407.63	430.7
ž	Building Materia					0.6 1	1.15	4.90	11.29	423.20	424.59			
3	Contracting Cor			659	.65	ii la	4.17	5.39	8.84	667.38	675.70			
4	Electricals (36)			1547			8.52	243	15.24	1554.69				
5	Engineering, Co.	obactors	(20)				4,04	6.66	9.83	413.27	412.91			
6	Mechanical Eng	Incerting (59)				2.94	6.04	9.56	127.28	185.66			196.8
8	Metals and Meta	d Forming	9 (9)				2.33	7.66	9.81	154.55	154.42			247.4
9	Motors (38)						142	4.95	! —	105.04	106.94			77.6
IO	Other Industrial	Materials	(16)				6.05	4.58	23.84	534.33	513.82			365.5
21	CONSUMER GI						B.96	4.68	11.17	419.97	438.94	413.49	,	380.6
2	Brewers and Dis			422			3.27	5.41	9.41	422.46	419.08			402.6
5	Food Manufactu			337			3.65	5.97	8.55 16.55	339.78 949.46	337.68 961.89	334.85 922.59	337.25	312.5
6	Food Retailing C	13)		939			7.78	2.72	18.33	700.58	709.37	700.62		789.9 616.3
7	Health and Hous	ebold Pro	Schools (4)	_ 704 553			5.46 9.12	3.03	14.09	55L77	558.55	546.68	548.28	438.8
9	Leisure (23)						234	5.19	12.88	925.33	224.33	913.03	921.28	561.7
2	Newspapers, Pa	Mishing C		189			1.86	5.25	11.35	191.38	190.33	185.78	185.99	146.1
3	Packaging and P			379			1.55	4.02	15.83	379.28	380.53	375.46	374.16	356.6
4	Stores (47) Textiles (20)			202			2.92	5.75	9.15	203.76	203.58	251.48	201.62	173.4
5				423			.56	7.52	4.75	424.40	49.47	40552	97.50	437.6
6	Tobaccos (3) Other Consumer	/GN		433			5.88	481		437.40	428.47	428.15		305.1
ĩ	OTHER GROUP	E (04)					162	461	14.60	375.86	377.73	374.46	375.74	271.1
2	Chemicals (35).			536			1.43	4.72	15.53	538.90	542.73	537.94	539.29	353.9
4	Office Equipmen						9.90	5.22	12.72	99.58	98.66	96.78	98.48	99.9
5	Shipping and Tra	mount ()	4)	711			7.96	5.64	17.89	726.60	725.57	717.65	726.28	537.9
6	Miscellaneous (4	(Q)		490			8.82	4.22	13.60	492.46	495.20	471.94	492.25	371.9
9	INDUSTRIAL C			418			1.19	4.49	12.25	420.87	421.32	436.00	417.49	362.5
i	Oils (15)			961			171	6.29	16.37	964.88	770.93	968.13	965.49	766.4
_	500 SHARE 196		-	464			146	4.80	11.87	466.54	447.47	462.37		
9			4	319			~	6.01		327.34	324.67	317.25	373.86	264.7
7	FINANCIAL SR			325			.36	7.83	434	331.94	334.03	324.33	371.02	283.9
2	Banks(6), Discount Houses			297			_	9.13		297.52	295,72	295.06	296.93	3193
3	Insurance (Life)			440			_	5.11	! _	443.00	654.54	444.12	438.51	334.2
6	Insurance (Comp			220			<u> </u>	6.96	_	220.18	226.02	218.75	218.36	174.7
7	Tesurance Broke			566			L98	5.23	12.44	568.54	SEASE	558.14	562.46	568.2
8	Merchant Banks			126				4.99	_	126.06	185.32	184.20	194.94	151.5
ğ	Property (54)			463	J3 -4	13 (.27	4.06	21.28	464.58	69,22	453.87	455.84	398.3
0	Other Financial I	100				7 2	47	6.03	9.66	.227.18	227.86	226.97	227.58	180.7
ĭ	Investment Trust	_				_		4.20	_	427.39	4537	423,73	428.56	3013
î	Mining Finance	4)					134	534	12.06	273.32	271.45	254.59	266.02	219.5
ì	Overseas Traders						.90	8.11	19.18	467.91	472.97	463.79	464.53	373.0
-	ALL-SHARE (N							5.01					425.94	
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	PRICE	Mon	Day's change	FM	not adj. today	1963	1	Low		yeirs.,		9.81	9.89	8.27
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ı	5 years	226.59	-0.65	114.65	–	9.57	16			5 years		1936	10.33	10.24
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2 [5-15 years	1	1		-	1 — .				5 years		11.00	11.65	10.12
	Over 15 years	138.78	-0.26	139.24	_	12.19		- contras				18.44	18.41	18.36
3	MAL TO LOGO: THE PARTY OF THE P	d diam'r												
1	Irredeemables	153.23	-441	152.51	_	8.98	120	<u> </u>	2 	5 years		9.86	9.82	7.84

() Property of the control of the c			
† First yield, Highs and lows record, base dates, values and constituent changes are published	ed in Saturda	y issues. A list	of constituents t

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		Do			BN.	A	or.		
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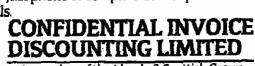
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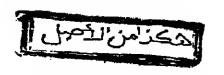
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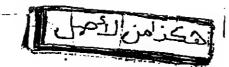
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FT FINANCIAL SERVICES CONFERENCE

Money services must follow the contours of the new landscape

'Banks will face intense competition from the non-banks ... there

THE FINANCIAL "landscape" has

changed fundamentally, a process

which will not easily be reversed, so purveyors of financial services

must adjust to their new surround-

ings.
Mr Leland Prussia, chairman of

the Bank of America, outlined the

new picture at the Financial Times

conference, The Financial Services

Revolution, in London yesterday. The changes include the growing

interdependence of markets, struc-

tural changes in the economy and

developments on the international

scene such as Third World debt and

the tendency towards trade protec-

intermediation and trade facilita-tion because these will increase

Technology "continues to be the

driving competitive force in the 1980s and banks will face height-

ened competition from non-banks

in their traditional markets. There

will be a scramble for better and

Mr Lamar Smith, chief economist

nf the U.S. Senate Banking Com-mittee, said the pressure for dere-gulation of the U.S. financial ser-

vices and banking industries was

coming from competition by "non-bank banks," state initiatives and

Deregulation in the U.S. was at-

tempting to restore the competitive

balance between the highly regulated banking industry and new competitors such as Gulf and West-

ern and Dreyfus, the investment company, which had opened banks

even though they themselves were not banking companies. Mr Smith said Senator Jake

Garn, the committee chairman,

would propose a new Bill in early

November to give the banks greater

freedom to compete in new fields.

The Bill would be broader than

the Financial Institutions Deregula-

tion Act (Fida) proposed by the Rea-

growth," said Mr Prussia.

will be a scramble for product innovation'

gan Administration in the summer and would attempt to give everyone in the financial services industry a

He noted that the Fida would broaden the definition of a bank to bring non-banks within banking supervision, would require banks to form holding companies if they wanted to diversify and would allow banks such areas as insurance and property investment.

Mr Smith said it was unlikely that a law would be passed in the near future to remove geographic restrictions to branch banking in the U.S., but he noted there was a trend towards regional groupings such as the New England states. which now allowed a measure of

inter-state banking, fir James Larkin, president of American Express Europe, claimed that as the barriers between different financial service industries were falling, the banks' new cial institutions should be in the

nancial conglomerates, such as business of making life simpler for American Express, but "mega" their customers and the banks were American Express, our mage banks" represented by credit card not doing this.

He predicted, however, that hand Visa.

By drawing banks into their systems and franchises, he said, they were in the process of eliminating the individual identities of banks. On the other hand, organisations such as American Express allowed banks to do business with them

without losing their identities. The way forward in the financial service revolution, he said, lay in providing an excellent product, mrvicing it well and joining up in networks with other organisations to

exploit common strengths.
The important thing, he said, was to strike a balance between competition and co-operation.

Mr Jacob Rothschild, chairman

of J Rothschild and Co and of RIT and Northern, described the funancial services business as one "which traditionally has shown a rather conservative face to the world," but "the rules by which London has so successfully played the game are being rewritten by our international competitors."

He said the financial industry would have to come to terms with the electronic society and the new financial conglomerates, offering an extensive menu, including insurance, credit, options, money transfer and many other services.

The London institutions were facing competition from very much larger foreign firms

If London was to compete it had to show that its markets were liquid enough to attract trade. Mr Rothschild called for changes including the abolition of stamp duty on share dealings, discontinuing the stock exchange "closed shop" and ending the single capacity system. Mr Mark Weinberg, deputy chair-

. the Integrated services within live years. In the meantime there were opportunities for smaller companies to find a niche for themselved before banks got a stranglehold on the upweale market which seemed

to be most productive. Sir John Breaks, deputy group chief executive of Midland Bank, described how British banks would respond to the financial service pening because of the breakdown of regulatory barriers, new technolo-Ry. aggressive marketing and

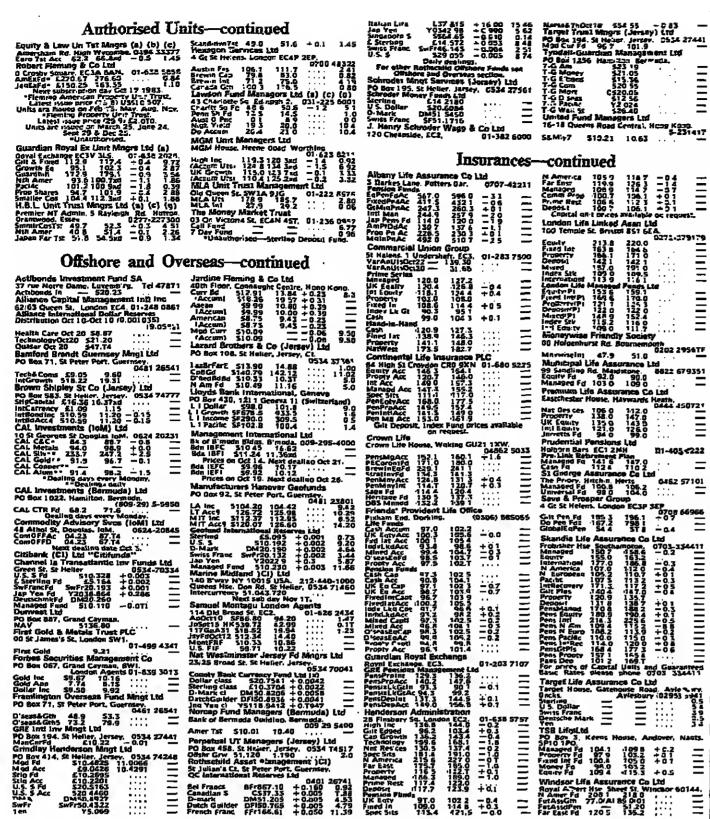
changing customer attitudes. Banks, he said, were relating more closely to the customers' re quirements and needs. He listed three elements of bank strategy: Identifying customers' needs. Developing services to mere

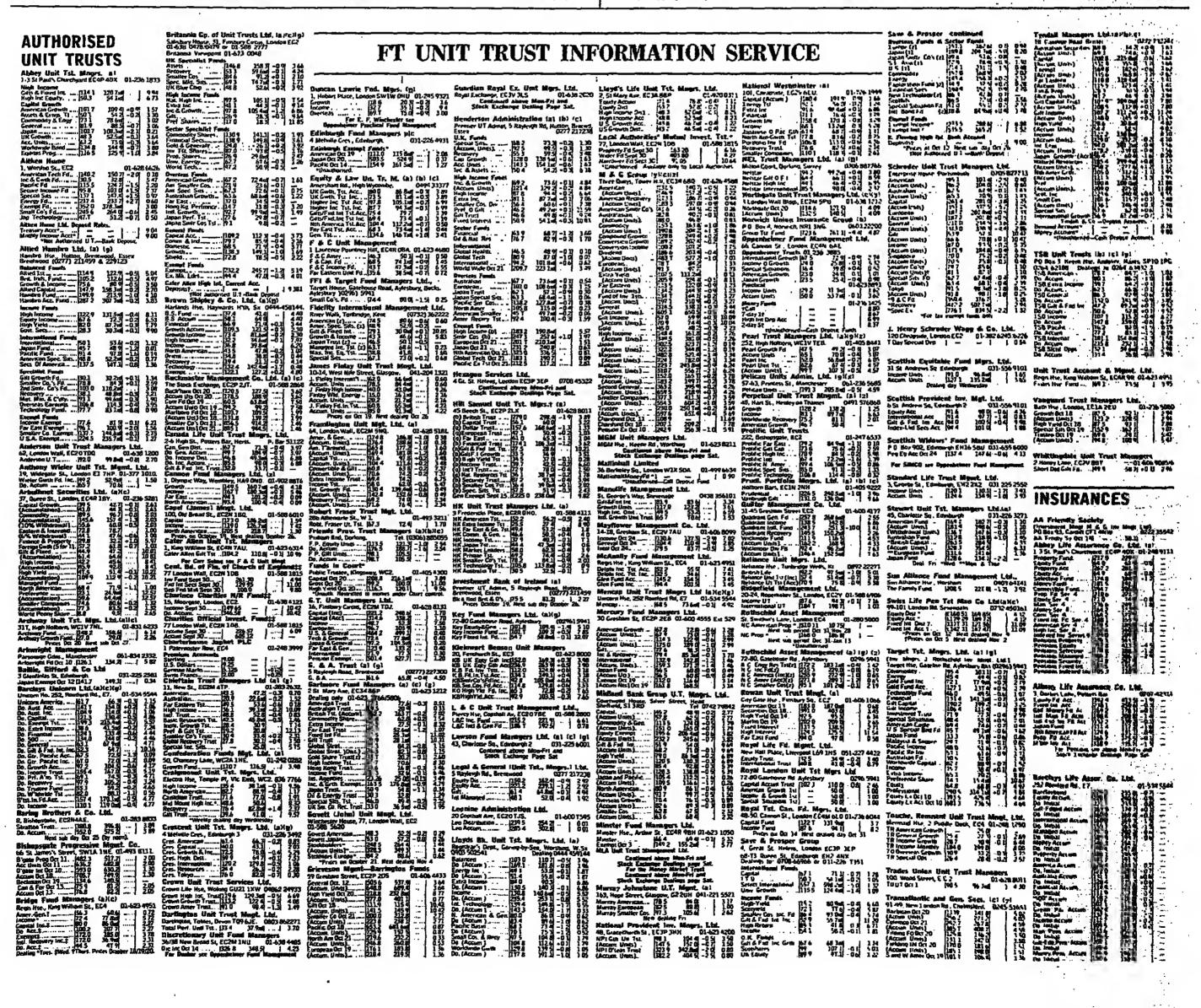
Delivering those services at a

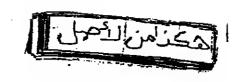
profit. Ultimately, he said, banks would supply services in the home through television acreens. Wideprobably still some years off, but it could provide one of the more important developments in personal banking during the next decade or

Dr Eckert van Hooven, a member of the board of managing directors of Deutsche Bank, said German banks believed banks should better exploit their traditional competitive edge - the personal or human diautomated, mass banking,

It was important, he said, that banks did not lose the unitiative in the retail market of the 1980s and man and joint managing director of co-operation between them was a Hambro Live Assurance, said finant way to avoid a costly and unprofit







follow landsca

Financial Times Tuesday October 25 1983 33 | Color | Colo **INSURANCE & OVERSEAS MANAGED FUNDS** Barchays Unicorn Internations 1, Clearing Cress, St. Helber, Jersey. 0534-73741 Ungelt Trest 45.3 97.2 10.9 Unicolate Trest 535.4 16.7 ml 159 Unicolate Trest 535.4 16.7 ml 159 Unicolate Trest 539.3 19 10 10 50 1, Thomas St. Bougho, Inte of Mac. 0524-2525.2 Unic-Australian Tcl. 74.3 74 9 150 Unic-Pacific Trust 16.1 17.3 1.1 Unic-Pacific Trust 16.1 17.3 1.1 Unic-Darker Trust 16.1 1 03-680 0606 | British National Life Asperance Co. Ltd. | 117, Fernivarch St. EC3M SOY. | 01-488 0733 | 118 | 117, Fernivarch St. EC3M SOY. | 01-488 0733 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 1 | Section | Color | Property | Color | Sun Alliance Insurance Group Sun Alliance House, Horston. 0403 64141 1008 01-902-8876 8 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 4000 | 1 40 G. 6.5 Super Fol. (201376 22)
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U.S. producer lifts zinc price

further boost last night when Beirut bombings over the week U.S. producer Amax announced end. Prices opened higher in it was lifting its domestic early dealings, but soon fell selling price in the U.S. by back when buying interest 3 cents to 49 cents e pound, fizzled out,

by several producers that they European zinc quotations from \$880 to \$925 a tonne

The move by Noranada, the big Canadian zinc producer, last week to lift its European price to \$935 has been rejected by other producers, including Cominco of Canada, which have preferred to follow Pennaroya's decision on Friday to go to

it was "prepared to accept" a silver boldings by 320,000 to base price of \$915 has also gone 37.690,000 oz up to \$925.

the Exchange the three months zinc price closed £3.5 down at £603.75 p tonne but recovered last week. in after hours trading to £605, close to the nine-months highs

reducing total boldings to 108.400 tonnes.

Other hase metal markets tive selling. Nickel stocks fell failed to respond to the worsen-

THE ZINC market received a ing Lebanon crisis following the

effective immediately.

On the London Metal
This followed announcements Exchange, higher grade cash
by several producers that they copper closed £8 lower et
were increasing their official £957.5 a tonne.

The lack of reaction in gold and silver markets to the Beirut bombings triggered off further selling in copper. The market was also depressed by another rise of 4,275 tonnes in copper stocks beld in the LME ware-houses, lifting total boldings to a five-year peak of 409,775

Tin stocks increased too by Billiton, which said last week 200 to 41,950 tonnes and LME There was considerable dis-

London Metal appointment in the lead market three months zinc that warehouse stocks dropped by only 6,350 to 191,725 tonnes Some traders had been fore-

casting a decline of 20.000 tonnes in view of higher prices

Zinc stocks held in the London Metal Exchanges fell last week by 1.400 tonnes

Some traders had been forecasting a decline of 20.000 tonnes in view of higher prices in the U.S., attracting shipments across the Atlentic.

Aluminium stocks fell again. by 5,950 to 236,075 tonnes, but prices lost ground on specula-

Concern at cocoa decline

LIBREVILLE—The Cocoa Pro- "expressed concern at lower ducers' Alliance (CPA) wound output by member nations."
up 2 five-day meeting bere, It is estimated that Ivory
expressing concern at lower proCoast's ontput for 1983/84 could duction among member coun-

gates from the CPA's 11 members reviewed the recent trends some 160,000 tonnes in 1983/84, on world markets and prospects down from 180,000 in the on world markets and prospects in the years ahead, and

be around 360,000 tounes, up from 355,000 the previous

Ghana is expected to produce

UK vessels increase fishing catch

BRITISH fishing vessels in-creased their catch last year to 775,000 tonnes, a 4 per cent rise on the 745,000 tonnes the prefrom £229m in 1981 to £261m. in 1982.

Details were published yester-day in the 1983 edition of Sez Fisheries Statistical Tables, available from HMSO for £10. Meanwhile, water authority officials bave blamed farmers for the dramatic decline in numbers of young salmon on the Torridge River in North Devon. They say slurry and silage has killed thousands of fish and deterred others from

spawning in the Torridge.

SEPTEMBER milk production is estimated at 911.7m litres, up from 911.5m litres at the same time last year. The same was year.

The same was a second of the same ing Board chairman Sir Stephen Roberts criticised the negative approach of politicians thought only of controlling supply and did nothing to stimulate demand.

 BRITISH scientists have developed a new race of super-sows. The sows, all pure bred large white or Landrace pigs, bave been producing 38 piglets e year—13 piglets a year higher than the national average. INDONESIA has formed a provisional executive board for a new National cooking oil pro-

ducers' association. • A NEW SET of specifications will apply to Indonesia's standard rubber from December. It will ley down maximum levels for nitrogen content PHILIPPINE coconut ex ports fell 7 per cent in the first nine months of this year to 1.29m tonnes, compared with 1.39m tonnes in the same 1982

Mill closures highlight Caribbean sugar industry crisis

THE decision of the Jamaican Government to close its seven suger mills illustrates a deepening crisis within the cane sugar industry in the Commonwealth Caribbean.

The industry, once vital to the region's economy, is faltering under the weight of still increasing debts, caused by weak markets, poor weather vious year. The value of the and by inefficiency. Production catch increased by 14 per cent has been falling steadily. Except for Belize, the crop

which has just ended in the region has been a bitter harvest.
Production targets have been missed, end by more than the proverbial mile. The low output could not have been more inopportune. National coffers are depleted. Even in the case of increased production, there is no guarantee of more money. Belize last year earned \$35m (£23m) from shipments of approximately 100,000 tonnes. Earnings in 1981, from just

ebout the same volume, totalled The sector in the Englishspeaking Central American crop returned \$6,000 tonnes.

Salad growers

HOME GROWN SALADS

(HGS), a co-operative con-trolled by growers, is to be launched on January 1.

HGS has 80 grewers based in East Anglia. They come

from the specialised produc-tion areas at Foxash, Fulney,

and were previously mem-bers of the Land Settlement

celery, tomatoes, peppers and courgettes — worth £im at

present levels.

HGS, which will share the
Canterbury offices and backup facilities of Home Grown
Fruits, will be applying for

It will market lettuces,

Drayton and Newbourn

plan co-op

By Barbara Daizell

Association.

country this year yielded 114,000 tonnes, an increase of 2,000 tonnes on last year. But there are problems. Tate and Lyle, which runs the industry through its subsidiary Belize Sugar Industries, wants to reduce its 90 per cent shareholding to 15 per cent. The sugar cane ferming community is reported to be uneasy at the

This has not prevented plans for increasing yields in the next crop. An effort to rehabili-tate fields affected by smur disease is under way, eided by a £2.2m loan from the Commonwealth Development Corpora-tion. About 15,000 acres will be

At the other end of the Caribbean, shortfalls are predieted for Gnyana, whose rated capacity of 450,000 tonnes per year was slightly reduced last year with the closure of two of the country's 10 mills.

The industry is hoping thet

Malaysian end foreign rubber experts, has recommended to the Malaysian Government to take steps "without delay" to

increase rubber production in view of strong demand for

The committee, which was

commissioned by the Govern-ment last April to make an in-depth study on the future of rubber to the year 2000, vester-

day submitted its final report to Datuk Paul Leong, the Primary

Datuk Leong said the report

projected total rubber demand in 1990 and 2000 to be in the

region of 15m and 18m tonnes respectively, compared to a demand of 11.6m tonnes in 1982.

For natural rubber, demand

is expected to be about 5m tonnes in 1990 and at least 6m

natural rubber.

Industries Minister.

BY WONG SULONG IN KUALA LUMPUR

Canute James explains why production is falling

against a 100,000 tonnes target, but there are hopes for dupli-cating last year's second crop of 200,000 tonnes. Barring strikes and poor weather, the second crop should reach this target

To the porth, the abvamal slump in production in Trinidad and Tobaco continues. This year's target of 102,000 tonnes was missed by 24,800 tonnes. The crop yielded 2,000 tonnes less than last year's actual output. It was affected by a late start as field workers protested at a delay in payments for the into the sector last year, in en previous crop. This was comeffort to lift milling to 120,000 previous crop. This was com-pounded by widespread arson which destroyed hundreds of

The industry has not undated its figure of two crops ago when it was losing about \$800 on

Malaysia urged to raise rubber output

3.7m tonnes in 1982.

COMMITTEE, comprising tonnes in 2000 compared with calculation of export duty for laysian end foreign rubber 3,7m tonnes in 1982, rubber has been raised from 170

The Minister said that

despite the optimism expressed in the report, Malaysia was taking a cautious view, and would only reconsider reacti-vating its "dynamic rubber

production policy, once the current high stocks were reduced and prices were ettrac-tive in the medium term.

Malaysia have declined by about 100,000 tonnes to 199,845

tonnes between February end July but there are still another

270,000 tonnes held by the Inro-buffer-stock manager.

Tax concessions were given once again to the Malaysian rubber, pepper and tin indus-

tries in the 1984 budget, but exporters of crude palm kernel oil will pay a higher duty. The threshold price for the

Commercial stocks beld in

year, which was described by which the Government pumped tonnes, which the sector says it needs to break even.

The \$149m accumulated debt the industry in Jamaica. which was inflated by a \$28m loss on this year's crop, proved

cents per kilo to 180 cents which

would save the Industry 70m ringgit a year, while duty is now based on RSS 3 and SMR 20, by

Because the RSS grades are

graded visually there are grounds for disputes and mal-practices. There is more incen-

tive for producers, especially smallholders, to upgrade their rubber since RSS one commands

a 15 cent a kilo price premium

To kive some relief to the depressed pepper industry, the export duty for black pepper now starts at 3,000 ringgit per

toone Instead of 2,810 ringgit,

Palm oil output is expected at

3.7m tonnes (plus 12 per cent).

1,020 ringglt per tonne.

the exclusion of RSS 2.

over RSS 3.

every tunne mitted. The too heavy. The state-owned Government's concern at the National Sugar Company, in viability of the sector was indiciousng its seven mills, promised cated by the conversion of 13 a phased responing after eight per cent of case fields to food production.

But the pace of this promised weeks. But industry sources say only shout three factories will be restarted.

The island has a notional

gramme is likely to be dotermined by a social dilemmanabout 20 per cent of the country's work force is dependent on the sugar industry.

The Barbados crop size failed to meet its target. The yield to meet its target. The yield at 85,000 tonnes. was 5,000 tonnes of the mark. This was the same level of output last the countries.

Agriculture Minister, has said the industry's leaders as being the Government will not abau-the worst in the past three don the industry, despite the decades. There was nothing to show for the \$10m in support factors: sugar last year shored up Jamaica's depressed bard workers, about 1 per cent of the

work force in a country where unemployment, according to official figures, is 27 per cent.

March date for

pigmeat market

By John Edwards

OPENING BATE for the pro-posed Lendon pigment interes market has been set for March 16, it was amounced yesterday. Mr Fant Elmot, chairman of the formation committee of the new market, said it had been supported by all sectors of the industry The market is to be bessed in the Baltic Exchange, next door to the highly successful

door to the highly successful potate futures market. It will have six quested delivery mouths and trade in lets of

sound and trade in less of 50 carcasers.

The Grain and Feed Trade Association, which is backing the pigment futures market, also amounted yesterday that a quality wheat grade A. will start trading on the home-grown grain futures market on Navember 7.

的 制真材

adon

A joint statement said dele- season.

recently concluded harvest.

GAS OIL FUTURES

In Luxembourg the 12} kito bar was fixed at the equivalent of \$396.50 per ounce, against

In Zurich gold finished at \$393-396, compared with \$392-

LONDON FUTURES

registration as a marketing and collecting centre under the new National Farmers'

PRICE	E CH	AN	GES			_		BRITISH COMM	ODITY MARKETS
in tonnes unless stated otherwise	Oct. 24 1985	+ or	Month ago		Oct. 24 1988	+ or	Month ago	The full Commodity Markets service was not available for this edition due to technical problems.	menths £1.060, 60.50. e1. 60.50. 60. 60. 60. 60. 60. 60. 61. 60. 61. 61. 61. 61. 61. 61. 61. 61. 61. 61
Metals Akaminium	£1050		£1050	Oila Coconut (Phili)	£870.0		\$986		NICKEL
Free Mkt Copper Cash h grade 3 mths	\$1570,160 6957.5	B	£1575,605 £1024	Linseed Crude Palm Malayan	317	+5	£581.00 £660	BASE METALS BASE-METAL PRICES lear ground on	HICKEL a.m. + or p.m or
Cash Cathodo 5 months Gold troy oz	£961,76 £961,76 \$393,12	—8.75 —1.00	£1923.75 £408.625	Seeds Copra Phili Soyabean (U.S.) Grains	\$570y \$334	+3.5	264e 5372	the Landon Metal Exchange, Copper was marked up at the sutset, setici-pating a strong spening on gold and	Spot 3180-90-52.5 3166-7 +35 3 months 3250-60 ,-50 - 3236-9 +32
Lead Cash omonthy Nickel Free mkt.,	£291.76 £4646.34	4.57	£4646,84	Barley Fut. Jan Maize Wheat Fut. Jan	£146.00 £124.00	-0.25	£144.50 £122.60	moren to todittat annathurst dates	Nickel - Morning Three months
Parladium oz Platinum oz Qułoksivari	£262,50 £520,358	-0.50	\$151,50 £265,70 8295/305 783,750	No2 Hard Wint Other commodifies Cocoa ship':"	_		£1687.e	the afternoon Kerb at E983. Zinc fuc-	13,230, 45. Alternoon: Cosh £3,163, 65, jaree months £3,240, 45, 40. Kerh: Three months £3,240, 25. Turnover: 822 tonnes.

LONDON OIL

SPOT P	RICE	S
	Latest	Chang + er
CRUDE OIL—FO6 (Arabian Light	5 por barrel	

GOLD MARKETS

Gold rose \$2½ to \$3951-3964 on the London bullion market. It opened at the same level, and was fixed at \$3964 in the morning, and \$3944 in the afternoon. The metal touched a peak of \$3961-3974, and a low of \$394-3344.

In Paris the 121 kilo gold bar was fixed at FFr 101.150 per kilo (\$394.14 per ounce) in the after-noon, compared with FFr 101,950 (\$397.61) in the morning, and FFr 100,500 (\$395.85) Friday

afternoon.

In Frankfurt the 12\(\frac{1}{2}\) kilo bar was fixed at DM 33,310 per kilo (\$397.01 per ounce), against DM 32,785 (\$395.01), and closed at \$394\(\frac{1}{2}\)393\(\frac{1}{2}\), compared with \$393\(\frac{1}{2}\)393\(\frac{1}{2}\).

(£27234,6734) IKing Sov (£1403,1414) Victoria Sov (£714-7214) Franch 20s (£2914,294) Franch 20s (£2721-273) IOO Cor. Aust (£624,4624) 520 Eagles

Marginal lands complaint

willingness to help.

"The situation is intolerable," agreed to extend the UK less-said Mr John Tamplin, chair-favoured ereas without dissent. man of the National Farmers' union (NFU) marginal lands committee. "Help could be available if these lands were "The amount of money

FARMERS working Britain's current economic difficulties, difficult marginal lands are the UK Government is prepared facing considerable financial to bear 75 per cent of the hardship despite Government modest costs involved.

"The European parliament Yet the European agricultural

"The amount of money included in the European less involved is very small and the favoured-areas directive.

"The Government recognises the need to keep these farms viable. Moreover, despite preventing agreement." BASE METALS

BASE-METAL PRICES lear ground on the Lendon Metal Exchange. Copper was marked we at the susset, setucipating a strong opening on gold and silver markets, but the failure of theso markets to register substantial gains prompted perastant selling in copper which retreated to 1979 before closing the afternoon Kerb at 1983. Zine fluctuated between 1990 and 2810 before closing at 1999 following further European producer price rises and a surprise move by Amax to left bigh grade prices by 3 cents to 49 cents a pound, Lead was unsettled by a smaller than associated drop in stocks and closed at 1991.5, atter 1990.5. Physical demand boosted standard Tin to 18,620 while trade support lifted Nickel to 13,540.

† Unquoted, w Nov. o Dec. v Jan. x Oct-Nov. y Nov-Dec. † Per 76 lb Bask, * Gbana cocoa. n Nominal. c Cents per pound. COPPER

COPPER	a.m.	+ 0	Unofficial —
High Grde	£	£	£,£
Settlem't Cathodes Cash 5 months Settlem't. U.S. pro'd	942.5-3 964-6 943	7.75	957.8 -8 981.5-2 -7 936.5-40 -8.7 861.5-2 -8.
that in Higher Gr Kerb: Hig £983.50. A months £5 82, 82.60. three mer Grade: The	the mon reds tred pher Gra fterneen: 880, 79, 7 82. Cath the £960 red menth	ing de: High: 79.50, sodes: 1.50.	rading reports three month it 1985, 84.50 Three month if Grade: Thre 80, 80 50, et 1: Cash 1939.50 Kerb: Nighs 1.50, 82, 82.50 mover: 19.35

TIN

TIN	a.m. Official	+ or	p.m. Unofficiel	+ 9
High Grde Cash 5 menths Settlem't	9705-10		£ 5716.20 8705-10	+ 16
Standard. Gash 3 months Settlem't	8535-8 8615-7	+e	8535-42 8620-3	-4 +3
Straits E. Now York	\$30.06			
months (2		High		

...Lead—Morning: Cath £285, three months £285., 94.50, 94, 93, 92.50, 92.75. Kerb: Three months £283, 92.50, 93. Afternoon: Three months £283, 92.50, 82, 61.50, 91, 90.50, 91.50, 92, 91.50. Karb: Three months £291.50, 92, 91.50. Turnover: 8,325 tonnes.

ZINC Zine—Morning: Three months £505, 04, 03, 02, 02.50. Kerb: Three months £502, 03, 03.50. Alternoon: Three menths £502, 03, 02.50, 03, 04, 05. 04.50, 04. Kerb: Three months £505, 06, 07, 06, 05.50, 06. Turnever: 10.250

Juminim	a.m. Of Relai	+ 01	p.m. j+ 0 Unofficial
pot months	£ 10301 1057-8	£ -15 7 -12	2 £ 1052.5 3.5 -10.5 1060,5 -3.29
1.060, 59	. 58. 58.5	0, 59	Three months, 59.50, 59, 58, 069, 68.50, 59

Spot 3180-90-52.5 3166-7 +35 3 months 3250-60 -50 - 3236-9 +32 Nickel - Morning Three months (1.225, 40, 45, 50, Kerb: Three menths (13.250, 45, Attendance Cosh (13.165, 65, three months (13.240, 45, 40, Kerb: Three months (13.240, 25, Turnover, 872 tennes.

SILVER SILVER Buillon + or LM.E. + or p.m. troy oz. pncs Unofficit Spot ____642_200 +1,71641.5p +2,75 5 months, 955,85p +7,45 955,5d +3 9 months, 669.95p +7,15 _____ 12months, 669.30p +5,10 _____

COCOA

COFF	EE		
COFFEE	Yest'day'	- or	Business Done
daren May May May May May May May May May May	1610-12 1641-42 1785-87 1761-63 1720-84 1702-05	+10.5 +10.5 +6.0 +8.3 +14.0	1936-80 1917-05 1841-36 :1767-80 1755-45 1724-20 1704-00

Nov... 120.40 -0.87 119.50 -0.18 124.00 -0.25 119.50 +0.18 May... 127.00 -0.45 122.76 -0.25 124.75 -0.18 132.76 -0.25 124.75 -0.18 132.70 -0.18 122.70 -0.18 122.70 -0.18 122.70 -0.18 122.70 -0.18 122.70 -0.18 122.70 -0.18 122.70 -0.18 122.

POTATOES Sales: 395 (832) lots of 40

RUBBER 811-806 SOYABEAN MEAL

close - Oune

SUGAR A FINANCIAL TIMES SURVEY

TURKISH INDUSTRY

DECEMBER 19 1983

The Financial Times is proposing to publish a Survey on Turkish Industry in its issue of December 19, 1983. The editorial coverage will include:

INTRODUCTION The overall economic and political framework within which Turkish industry operates. Attempts to open up the economy in recent years and to end bureaucratic interference In industry. The changes as Turkey moves forward from the November elections.

Editorial coverage will also include:

INPUTS CURRENT ISSUES ORGANISATION

KEY SECTORS PROFILES OF KEY BUSINESSMEN AND COMPANIES, LOCAL AND FOREIGN

Telex: 23636

COPY DATE: NOVEMBER 28, 1983

Nicholas Whitehead

Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 Telex: 885033 FINTIM G

For further information and advertisement rates please contact: Ciro Costante Vakif Yali K sku Han, Kat 3 No. 301 Sirkeci - Istaubul, Turkey

Tel: 5277084 or 5221304

FINANCIALTIMES EUROPE'S BUSINESS NEWSPAPER

The size, contents and poblication dates of all Surveys are subject to change at the discretion of the Editor

PROPOSED FINANCIAL TIMES SURVEYS

COMPUTERS & ELECTRONICS - 1984

16 January The Desk-Top Revolution-Personal Computers for the Businessman 17 February Electronic Components

28 March 24 April

13 June

Sales: 53 (406) lots of 100 tonnes.

Electronics in Europe Computers in Banking and

Video and Broadcasting

Finance

12 October

22 October 31 October

Software and Services 8 November 19 November

6 December 14 December

Mobile Communications. Office Equipment Electronic Information Services Large Computers—the way

Scottish Electronic Industry

Communications in Business

Development

Synopses for these Surveys will be ovailable approximately three months prior to publication. If you wish to have a synopsis or require information on advertising, please contact:

Peter d'Aguilar

Financial Times, Bracken House, 10 Cannon Street, London ECIP 4BY Tel: 01-248 8000 ext. 4181 Telex: 885033 FINTIM G

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of all burveys are subject to change at the discretion of the Editor

Financial Times Tuesday October 25 1983

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

FINANCIAL FUTURES

Money supply rise boosts dollar

Two fectors dominated the D-mark; foreign exchanges yesterday. The FF7 7.85 first was the rise of \$2.4bp in franc; U.S. M1 money supply announced SwF7 2. Friday, against expectations of Swiss fr a fall in the region of 51bn, and the second was renewed in-stability in the Middle East. Both contributed to a firmer

industry

TRY

a fall in the region of 51bn, and the second was renewed instability in the Middle East. Both contributed to a firmer dollar.

Any hopes that another fall in M1 would encourage the Federal Reserve to ease its monetary stance were dashed, whils the news of the Beirut bombings, however disturbing to the U.S. with the dollar recently, although in general, also had the effect of underpinning the dollar on the foreign exchanges.

Sterling received support from events in the Middle East, particularly the claim by Iraque the Iraque against continental currencies is probably welcomed. It has also reacted to Middle East, particularly the claim by Iraque the Iraque against Continental currencies is probably welcomed. It has also reacted to Middle East, particularly the claim by Iraque the Iraque against Continental currencies is probably welcomed. It has also reacted to Middle East, particularly the claim by Iraque found.

DOLLAR — Trade-weighted index is probably welcomed. It has also reacted to Middle East, particularly the claim by Iraque found. Sterling improved to DM 3.91 from DM 3.88; FFr 11.9250 from Ewell Iraque for Iraque weighted index (Eank of England) 126.3

Gulf.

DOLLAR — Trade-weighted index (Bank of England) 125.3 against 122.4 six months ago. The dollar has retreated from the peaks touched in Angust, amid bopes that a sustained fall was imminent, following better money supply figures and a slight easing of interest rates. A large U.S. Budget deficit is likely to restrain the fall in interest rates and the dollar, but downward pressure on the currency will continue due to the substantial trade deficit.

The dollar rose to DM 2.6065 The dollar rose to DM 2.8065 from DM 2.5825 against the

OTHER CURRENCIES

D-mark; FFr 7.9550 from FFr 7.8925 against the French franc; SwFr 2.1175 from SwFr 2.0995 in terms of the Swiss franc; and Y233.25 from Y232.35 against the Japanese yen.

Y349.25. The pound traded in s narrow range of \$1.4950 to \$1.5005 against the dollar. It opened at \$1.4960-1.5000, s fall of 25 points on the day.

DEUTSCHEMARK — Trading surrounding the dollar after Friench troops in the Lebanop added to the firm tone already surrounding the dollar after Friench troops in the Lebanop added to the firm tone already surrounding the dollar after Friench troops in the Lebanop added to the firm tone already surrounding the dollar after Friench troops in the Lebanop added to the firm tone already surrounding the dollar after Friench troops in the Lebanop added to the firm tone already surrounding the dollar after Friench troops in the Lebanop added to the firm tone already surrounding the dollar after Friench troops in the Lebanop added to the firm tone already surrounding the dollar.

EMS EUROPEAN CURRENCY UNIT RATES

centr

8.14104 2.24164 6.87456 2.52565 0.72569 1403.49

CURRENCY RATES 97.55 97.65 90.60.81,40 14.13.14.27 11.20.12,02 3.89+3.934 2806.2395 342 564 4.27; 4.41; 10.96-11.06 185 215 2824-287 11.64-11.74 5.16-5.19 1.49+1.809

* CS/SDR mte for Oct. 21: 1,21147.

THE DOLLAR SPOT AND FORWARD

7. Three 7. p.a. months p.a. — 0.44 0.14-0.79dis — 0.44 0.30 0.84-0.79 pm 2.74 0.26 0.13-0.16 pm 0.37 1.4950-1.5005 1.4990-1.5000 0.03-0.06c dis 1.1889-1.1906 1.1895-1.1905 0.32-0.28c pm 1.2320-1.2330 1.2320-1.2325 0.05-0.03c pm

p.a. months

-0.44 0,14-0,19dbs
-0.19 par-0,10dbs
-0.19 par-0,10dbs
3.41 35-31 pm
0,15 2-12 dbs
-1.25 450-5.65dbs
-3.23 1.00-1,10dbs
-3.24 35-32 pm
-20.72 690-1300dbs
-12.78 780-575dbs
-12.78 780-575dbs
-3.98 10.15-11,10d
-2.52 125-14-65c
-3.16 7.65-8.50dbs
-2.51 125-14-65c
-3.16 7.65-8.50dbs
-2.91 2.50-2.30 pm
3.16 211-18 pm
5.666 4-32 pm

14,963-14,963 1,0675-1,0680 769,0-803,0 5,6610-5,6530 93,30-96,60 7,792-7,802 85,95-0,2908-0,2909 53,24-58,20 2,34-58,24-65 1,5070-1,5096 6,4800-6,4803

THE POUND SPOT AND FORWARD

411 E Z Z	التنتيب المنتيب	10000	Orango Print	~~~	or reading to built	
athind.	2.9270-2.8340	2.8285-2.5305	1.02-0.92c pm	3.97	2.84-2.54 per	3.63
meigla	83.24-53,30	53,24-53.25	4-2c pm	0.67	מיקיבים מייקים	0,16
enmerk	9,4300-9,4600	9.4300-8.4350	0.85-1.35ore dis	-1.40	2.60-2.50dla	-0.95
. Ger.	2.6040-2.6180	2.9060-2.6070	0.99-0.94pf pm	4.44	2.56-2.51 pm	3.88
iegumo	124.20-T24.80	124.45-124.76	100-250c dis	-16.86	300-880dis -	-15.73
Dein	151.50-151.95	151,50-151.70	160-205c dia	-15.22	510-596dis -	-14.56
aly	1,5851-1,589	1,5851-1,5864	10.4-10.9ijre dis	-8.05	31.25-32.004	~7.96
orway	7.3400-7.3550	7.3400-7.3430	2,00-2,300re dis	-3.51	6.00-8.40dis	-3,33
ance	7.9450-7.9925	7,9825-7,9575	1.80-2.00c dis	-2.86	7.70-8.10dia	-3.86
weden	7.7900-7.8070	7.7900-7.7930	1.65-1.85ors dis	-2.63	4.40-4.80dis	-2.31
nege	233,20-235,10	233.20-233.30	0.63-0,64y pm	3.42	1,90-1.85 pm	3.21
ustria	18.31-16.36	18.31-18.32	6.00-5.40pro pen	3.73	16.25-14.25pm	n 3.32
witz.	2.1160-2.1225	2.1170-2.1180	1.13-1.06c pen	5.25	2.80-2.75 pm	5.23
disoc	ents apply to	the U.S. dolla	.S. currency. F	a Indivi	quel causuch	đ /-
B	eldies arts is i	of convertible	Iranes. Financis	I ITEM	JJ.JV-JJ.39.	

EXCHANGE CROSS RATES

0.667	1,600	3,910 2,608	650,0 235,4	11_980 7,953	5,178 9,119	4,895 8,951	2379. 1386.	1,843 1,229	79,85 53,85
0.256 9.867	0,884 4,884	11,17	89.51 1000,	5,050 34,07	0,816 9,079	1,124 19,56	608.3 8796,	0.471 5,266	20,42 228,1
0.839 0,515	1,267 0,479	0,279 1,231	293,5 110,1	10. 8,758	9,665	A,696 1,583	1995. 748,5	1,645 0,360	55,96 90.16
0.828 0.480	0.841 0,660	0,890 1,544	79.64 147.2	9.713 5,014	0.723 1,836	1,848	541,E 1000.	0.419 0.775	18,17 35,57
0.543 1.252	0.814	2,122 4,897	189,9 438,3	5,470 14,95	1.724 3.979	9,885 5,504	1291. 2979.	2,308	48,58
	0,256 9,867 0,839 0,515 0,228 0,420	0,667 1, 0,256 0,284 9,857 4,894 0,839 1,267 0,515 0,479 0,228 0,341 0,420 0,660 0,845 0,814	0.667 1. 2.608 0.256 0.884 1. 11.17 0.839 1.857 0.279 0.515 0.479 1.231 0.228 0.241 0.890 0.480 0.630 1.644 0.643 0.614 2.122	0.667 1. 2.608 236.4 0.256 0.284 1. 89.51 9.867 4.984 11.17 1000. 0.639 1.267 0.279 293.5 0.515 0.479 1.231 110.1 0.288 0.341 0.890 72.64 0.480 0.630 1.644 147.2 0.543 0.814 3.122 189.9	0.667 1. 2.608 236.4 7.963 0.256 0.884 1. 89.51 5.050 9.867 4.884 11.17 1000. 34.07 0.839 1.857 0.279 293.5 10.1 0.515 0.479 1.231 110.1 8.763 0.288 0.341 0.890 79.64 9.713 0.480 0.660 1.644 147.2 3.014 0.645 0.614 3.182 186.9 6.470	0.667 1. 2.608 226.4 7.963 9.119 0.256 0.884 1. 89.61 6.060 0.816 9.867 4.884 11.17 1000. 34.07 9.079 0.839 1.857 0.279 293.5 10. 10. 9.665 0.515 0.479 1.231 110.1 \$.763 1. 0.228 0.241 0.890 79.64 9.713 0.725 0.480 0.630 1.644 147.2 3.014 1.538 0.643 0.614 2.122 189.9 6.470 1.724	0.667 1. 2.608 236.4 7.963 9.119 8.951 0.256 0.384 1. 89.61 6.050 0.816 1.124 9.867 4.884 11.17 1000. 34.07 9.079 19.56 0.839 1.867 0.279 293.5 10. 9.666 3.685 0.515 0.479 1.231 110.1 8.763 1. 1.583 0.228 0.241 0.890 79.64 9.713 0.723 1.583 0.480 0.630 1.644 147.2 5.014 1.338 1.548 0.643 0.614 2.122 186.9 6.470 1.724 2.385	0.667 1. 2.608 236.4 7.953 9.119 8.951 1365. 0.256 0.384 1. 89.61 6.000 0.816 1.124 608.3 9.867 4.884 11.17 1000. 34.07 9.079 19.56 8796. 0.639 1.867 0.279 293.5 10. 9.656 3.686 1993. 0.515 0.479 1.231 110.1 8.763 1.583 748.5 0.228 0.341 0.890 79.64 9.713 0.723 1.583 1.648 0.480 0.630 1.544 147.2 5.014 1.335 1.648 1000. 0.643 0.614 2.122 189.9 6.470 1.724 2.885 1.891.	0.667 1. 2,608 236.4 7,963 9,119 8,981 1385. 1,229 0.286 0.584 1. 89,61 6,050 0,816 1,124 608.3 0,471 9,967 4,894 11,17 1000. 34,07 9,079 19,36 8796. 5,266 0,836 1,867 0,279 293.5 10,966.5 2,686 1993. 1,645 0,515 0,479 1,231 110,1 9,765 2,686 1993. 1,545 0,528 0,479 1,231 10,1 9,713 0,725 1. 541.8 0,419 0,480 0,630 1,544 147.2 3,014 1,836 1,948 1000. 0,775 0,643 0,814 3,182 189.9 6,470 1,724 2,885 1,891. 1.

MONEY MARKETS!

London rates unchanged

UK clearing bank base lending rete 9 per cent (since October 4 and 5) Intorest rates remained steedy on the London money market yesterday, refusing to react to the surprising rise in U.S. Milmoney supply renounced on

money supply rendunced on Friday.

In New York the Federal Reserve announced the injection of \$2.5bn in liquidity to the New York banking system when Federal funds were trading at Bis per cent. The money was made available through repurchase agreements for customer account.

repirchase agreements for customer account.

The Bank of England initially forecast a money market shortage of £350m, but this was revised to £400m at noon, and later to £450m. Bills maturing in official hands, repayment of late accidents of the street o ometal hands, repayment to late assistance, and a take-up of Treasury bills from Friday's tender drained £398m, with Exchequor transactions absorbing another £212m. These factors were partly offset by the usual control of the contr

fall in the note circulation after the week-end, amounting to Total belp provided by the authorities during the day was

through purchases of £134m bank bills in band 2 (15-33 days maturity) at 9 per cent; £2m ties bought another £90m bills in band 3 (34-63 by way of £50m bank bills in band 3 at 814 per cent; £78m bank bills in band 3 at 814 per cent; £78m bank bills in band 3 at 814 per cent; and £56m bank bills in band 4 at 81 per cent; and £130m bank bills in band 4 at 81 per cent.

SI per cent as the Bundesbank allowed excess liquidity to drain from the money market by not replacing currency swaps. These bills in band 3 at 814 per cent; and £36m bank bills in band 4 today, and are unlikely to be £130m bank bills in band 4 st

LONDON MONEY RATES

94.94 4.94 9-914 8000

ECGD Fixed Rate Export Scheme IV. Average fixes for interest paried September 7 to October 4, 1963 (Inclusive) 9,719 per cent.

Local authorities and Anence houses seven days' notice, othern seven days fixed, Long-term local authority mortages makes nominally three years 104-105 per cent; foer years 11 per cent; five years 11-113 per cent. 98-sh bill make in table am buying rates for prime paper. Buying rates for toer months benk bills 82 per cent.

Approximate acilling for one-month Treesury bills 8 per cent; two months 82 per cent; three month 80 per cent.

Approximate acilling rate for one-month bank bills 8 per cent; two months 82 per cent and three months 85 per cent; trade hills one month 92 per cent; two months 83 per cent and three months 85 per cent.

Finance House Base Rate (published by the Finance House Association): 10 per cent from October 1, 1983, London and Scottish Clearing 9ank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: Experionnt. The early Bills: Average tender rates of discount 5.8398 per cent. Cartificates of Tax Deposit (5eries 6). Its of £100,000 and over held under one month \$12 per cent; one-three months \$15 per cent; three-eie months \$15 per eax. 12 months 10 per cent. Under £100,000 \$16 per cent from October 0. Deposits held onder 5eries 4-5 10 per the cate for all deposits withdrawn for cash 8 per onot.

INTEREST RATES -

EURO-CURRENCY INTEREST RATES (Market closing rates) 93₁-101₄ 93₄-10 64₈-61₂ 11-111₈ 93₄-97₈ 84.94 84.9 64.54 104.11 101g-101g 10-101g

FT LONDON INTERBANK FIXING

(11,00 a.m. OCTOBER 24) offer 9 am

MONEY RATES NEW YORK GERMANY FRANCE 12.25 12.0 12.3125 12.3125 12.3 Intervention rate Overnight rate

SWITZERLAND

NETHERLANDS S CERTIFICATES OF DEPOSIT LONG TERM EURO \$ SOR LINKED DEPOSITS ECU LINKED DEPOSITS

Gilts and Eurodollars finished weaker on the London International Financial Futures Exchange following the unexpected rise of \$2.4bp in weekly U.S. Mi money supply announced Friday. U.S. Treasury bonds had been firm before the money supply news, ob bopes that tho Mi figure might be down by as much as \$350, taking it below the Federal Reserve's target range, and loading to an easing of official monetary policy. Most estimates were nearer e minus figure of around \$1bn, but wore still disappointed by the final result, with traders pointing out the difficulty of arriving at 6 reasonable estimate on a weekly basis after several weeks of very inaccurate forecasting.

No change is now expected in Federal Reserve policy in the added to the firm tone already surrounding the dollar after Friday's money supply figures. The dollar rose to DM 2.6105 from DM 2.5814, without intervention by the Bundesbank, while sterling improved to DM 3.5126 from DM 3.8780. The French france eased slightly at the fixing, but most EMS members gained ground.

JAPANESE YEN Trading range against the dollar in 1983 is 246.90 to 226.80. September average 242.44. Trade-weighted index 152.8 against 146.6 six months ago. The yen was recovering alightly faster than most European currencies against the dollar, but has been nervous recently ahead of the Government's economic package. A cut of ½ per cent in the Bank of Japan's discount rate was expected, while the package announced is designed to boost the domestic economy and not LONDON

announced is designed to boost the domestic economy and not lead to a depreciation of the yen. The yen weakened against the dollar in Tokyo, but this was more in reaction to the U.S. money supply figures, and events in the Middle East, than Priday's economic package or the cut in the Japanese discount rate.

JAPANESE YEN --- Trading

CURRENCY MOVEMENTS

Morgao Guaranty changes; sverag 1980-1982-100. Benk of England Index

(base everage 1875-100).

Weaker tone

immediate future, and on this basis gilts and Eurodollars opened on a very weak note. The December gilt opened at 107-09, and after a nervous start 107-09, and after a nervous start attempted to rally as cash prices stabilized. It touched a peak of 107-23, but then weakened again on a lower opening to U.S. bond trading, falling to a low of 106-22, and closing at 106-28, compared with 107-25 on Friday. Eurodollars for December delivery opened at 90.28, but then traded fairly steadily within a narrow range of 90.24 to 90.28, before finishing at 90.27, compared with 90.45 previously.

CHICAGO

U.S. TREASURY BILLS (HMM) 37m points of 100%

Short sterling doposits were again very quiet, with March delivery trading nearly as many lots as December.

Close High Low Prev 90.45 90.27 90.28 90.24 90.45 90.28 90.24 90.45 90.26 90.26 90.45 90.4

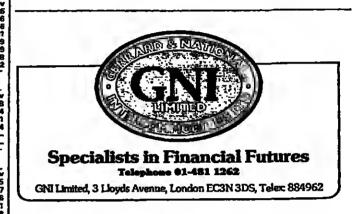
THREE-MONTH STERLING DEPOSIT Dec 90.59 90.72 90.88 90.73 March 20.39 90.42 90.39 80.46 90.10 80.19 80.15 80.10 80.19 80.88 80 STERLING EZS,000 \$ per E

Dec 1.4987 1.4986 1.4970 1.5025
March 1.5003 — 1.5035
June 1.5016 — 1.5047
Volume 104 (461)
Previous day's open int 1,429 (1,259) DEUTSCHE MARKS DM 125,000 Dec 0.3854 0.3852 0.3850 0 March 0.3850 — 6 June 0.3858 — 6 Volume 83 (29) Pravious day's open int 351 (381)

Dec 6,4903 0,4394 0,4296 0,4329 0,4338 — 0,4338 — 0,4338 — 0,4338 Volume 67 (62)

STERLING (IMM) Se per £ 64-21 64-11 84-21 64-12 as day's open int 159 (153)







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WORLD VALUE OF THE POUND

The table below gives the issue; except where they are shown to revaliable rate of exchange for the bound equivat various currencies on Detober 24, 1963. In some cases rate have been calculated from those positional. Market rates are the liverage of buying and selling rates no direct quotation evaluable; (F) free rate; (P) based on U.S. dollar parties and going sterling-dollar rates (T) tourist rate; (Bas) basic rate; (bg) buying rate; (6k bankem' rates; (cm) (in) Snancial rate; (exC) exchange portificate rets; (nc) non-commercial rate; (nom) nominal; (o) efficial rate

			1	1	1
PLACE AND LOCAL UNIT	E STERLING	PLACE AND LOCAL UNIT	E STERLING	PLACE AND LOGAL UNIT	VALUE OF € STERLING
Afghanistan	99,00	Graenland Danish Krenor Grenada E. Caribbean & Guadaloupe Local Franc	14.136	Peru	exe(A)3,133,23
Albania Lak Algarie Dinar	10,00 (A) 7,2555	Grenada	4.03	PhilippinesPhilippine Peso	90,67
Andorre France	11,923	9uam U.S. \$	1 4998	Pitcairn islands — E Sterling New Zenland \$	2,2610
Andorra Ispanish Peseta	227,60	Guatomala Quotzal	1,4990 34,90	PolandZloty	143.66
Angola	(CM) 45,4116 4,00	Goines-Riesatt Pean	68.20	PortugalPortugu'se Escudo	186,75
Argentina New Poso	28,416	Guaraioupe	4.4850	Puerto Rico	1,4995
Australia Australian E		Walti Goardo .	7,4975	Qatar	3.4560
Austria Schilling	27,505	Halti Goardo Hondaras Lempira Hong Kong H.K. \$	5.00	Reunion IslandFrench Franc	11,925
Australia S Australian S Austria. Schilling Azores Portuga se Escude	186.76	Hong Kong H.K. \$	11,68	RomaniaLeu	((Cm)6.84) IN/C)80.66
Enhance Sa Dellar	1,4995	Hungary Forint	66,5411	RwandaRwanda Franc	146.78
Barraia Diner Balearic Isles Spa. Peanta Bangladesh Taka Barbados Barbados \$	0.566 827.50	leelend I. Krone	41.72		
Balearic Isles Spa., Pesata	827.50	India	15.32	St. ChristopherE. Caribbean \$	4.05
Barbarios Burbarios 2	67,10 2,9990	Indonesia Ruplah	1,475.5 189,15(eg)	St. Holene	1.0
Beiglum B. Frano	(cm) 79.86 (fn) 80.85	Irag Iragi Dinar	0.46710	St. PierreLocal Franc	11.820
Beller	l(fn) 80,85 2,9990	iraq Dinar irish Ropubilo irish 6 israel	1,2905 128,26	St. Vincent E. Carlobean \$	4.06 5.74
Benin C.F.A. France	096,26	Israel Shokel	123,26	Salvador El	1 4990
Belizo 0 8 Benin C.F.A. Franc Bermede Bda 3 Bhutan Indian Rupee	1.4996	Italy Lira Ivory Coast C.F.A. Franc	2,378.5 596.25	San Marino	1,4990 2,376,5
Shutan Indian Rupee	13,32		((0)2.0745	Sao Tome & PrinDobra	58,50 5,2080
Bolivia Bolivian Peso	(O) 299.9	Jamaice Jamaica Dollar	((0)2.0746 (IF)4.19	Senegal	696.23
Botswans	1.6620	Jordan	550.0 0.5480	Seychelles	10.05(sq)
Brit. Virgin Isles U.R. 3	1,198,93 1,4990	Versenher Blef	1.799.4	Signature Laone	(O)6.75 3,20
2runel Brunel \$	3,20	Kenya Kenya Shiifina	90.08	Solomon islands Solomon is. 3	1.7690
	1.5020 12.04	Kiribati Australian \$	1.6310	Somali RepublicSomali Shilling	28,27
Burma	184,210	Korea (Nth) Won	1.63(1)	South AfricaRand SpainPeseta	1,5963 227,60
	596.83	Kampuohea Rief Kanya Kenya Shiffing Kiribati Austrakan S Korea (Nth) Won Korea (Sth) Won Kuwaiti Cinar	1,196,55 0,43825		
Canada Canadian S	1.8430	Lane How Vin	19,4950	2panish ports is	907.60
Canary Islands SpanishPesets	1,8450 237,50	LebanonLebanese &	7.6400	Sri Lenks S. L. Runos	297,60 36,40
Carrieron C.F.A. Franc Canada Canada Spanish Peset Carray Mande Spanish Peset Cape Vorde is Cape V. Ecoudo Cayman Islands Cay, is. \$ Cent. Afr. Repeblic C.F.A. Franc Chida C.F.A. Franc Chida Remninbl Yuan Colombia Cel Res	108.98	Laos	1,6965	Spanish ports :s North Africa Peseta 6ri Lanka	1.2750
Cent. Afr. Republic C.F.A. France	1,2495 526,85	Liberie Liberion F	1,4995	Surinam	2.6840 1.6965
Chad C.F.A. Franc	595.23	Liechtensteis Swiss Franc	0.4439 0.1775	Sweden	11.035 3,1776
Chine Chilean Peso	124.92 9.9476	Luxembourg Lux Franc	79,86	Sweden	5,1776
Colombia	(F) 125.89	Macao	12.95 186,73	SyriaSyrian £	(A) (T)10,00
Comoro Islands C.F.A. Franc	596,23 595,25	Matagasy Republic MG France	655.0	Taiwan Now Taiwan \$ TanzaniaTan, Shijiing	60.20
Costa Rica Colon	(0) 69 90	Macso	1.90	TanzaniaTan. Shiffing	18.29 (ag)
	(F) 63,50 1,3045	Malaysie Ringgit	5.5150 11.38	Thailand Baht Togo RepublicG.F.A. Franc Tonga Islands	64.30 596.20
Cyprus	0.805	Mali Republica Mali Franc	11.32 1,199.5	Tonga IslandsYa'anga	1.6310
	((oom) 9.80 n/o 17.06	Maite Maiteea £	0,6526	TrinidadTrinidad & Tob. F	5,5988 1,025(sg)
Ozeohoelovakia Koruna	(T) 16,45	Mauritania Ougalya	11.925 80.86	Turkey	569.11
Denmark Danish Kroner	14.135	Mauritius	18.17	Turks & CalcosU.S. \$	1,4995 1,6810
Olibouti Pranc	860 (sg)	J 2400006 Realicali Foso	(F)224.85 901.45	TuvaluAustralian \$	1 1,0010
Ojibouti Djibouti Franc Dominica E. Caribbean \$	1 4.05	Miqueles Local Franc	11,925		[281.70
Dominican Repub. Dominican Poso	(0) 1,4995 (7) 2,3560	Monaco	11,925	UgandaUganda Shillis 9	(447.5 (5) 1,4995
	//ON 78 87	Mongous	5,00 10 4,05	Us ited StatesU.S. Dollar UruguayUruguay Peso Utd. Arab EmiratesU.A.E. Dirham	1.4995
Equatorial Guinea Ekvolo	((0) 78.87 (F) 196.40	Morocco Dirham	11.63(eq)	Utd. Arab EmiratesU.A.E. Dirham	55.48 6.49576
Egypt Egyptian £	(U) 1.9480	Mozambique Motical	(A) 51.3385 1.6965	U.\$.8.RRoublo	1.1427 096.25
Ethiopia Ethiopian Birr	455,2 (P) 3,0700			Upper Voltz	096.26
Spildand islands Enthiese to P	1.0	Nauru	1,6310 81,45	U.S.B.R	150.0 2.378.0
Farce Islands Danish Kroner Fiji Islands Fiji \$ Finland Markin	14 175	Ketherlands Guilder	4,395 2,6840		2,378.0 (4) 7.72 (3) 14.90
Fiji leinde Fiji \$	1,5415 8,4745	Noths rlandAntilles Antillian Guilder	2,6840	VenezuelaBolivar	{(3) 14,90
France Eranch France	8,4745 11,926		9,2510 14,965	I Bathana	(6) 19,25 1105,2680
France France France France G.F.A. France	596.25	Niger Republic G.F.A. France	596.23	VietnamDong	(T)10.74 (N)
French Oviana Local Franc French Pacific Is O.F.P. Franc	11.925	Nicaragua Cordoba Niger Republic C.F.A. Franc Nigeria Norway Norwayan Krone	1.11sg 11,005	Virgis island U.S. U.S. Dollar	1.4995
	212 (sg)			Western SamoaSamoan Tola	2585,E/A)
Gabon C.F.A. Franc	595,95	Omag Sul'ate of, Rial Dmani	0,518	Yomen (Eth)Ryal	6.86
Gambiz Dalesi Germany (East) Ostmark Germany (West) Deutsche Mark	4.00 5.81	Debisten Patriata - Da	1 10.50	Yemen (Sth)	IA10.0175
Germany (West) Doutsche Mark	0,21	Paidetan Pakistan Rupee	19,62 1,4945	· vgosizviz	167.8451
Gharlar Codi Gibraltar Cibraltar £	44,985	Panama	1,2705	Zaire RepublicZaire	45.453
Oresce	1,0	Paraguay Guaran)	(O)188.55	Zambia	1.95
	-TU,30		1(F)259.44	ZimbabwoZimbabwe \$	1.6750

Rate le the transfer market (controlled). ‡‡ Now one official rate. (U) Usified rate. Applicable on all transactions except countries having a agreement with Egypt and who are not members of IMP. (§) Sased os gross rains against Ressian rouble. (1) Essential goods. (2) Preferential rate for imports each as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) ment controlled for non-essential imports. (6) Free rate for luxery imports, remittances of money abroad and foreign travet. (7) Parallel mits.

Shareholders are invited to attend an Extraordinary General Meeting of Shareholders to be held in the "Residentiezaa" of the Promenade Hotel, Lv. Stolkweg, The Hague at 2.30 p.m. on November 17, 1983.

- Opening of the Meeting.
- Minutes of the Meeting of May 26, 1963. Approval of the merger with the AGO group.
- a. (i) Proposal to change the name of the Company

and amend the Articles of Association. (ii) Authorisation of the Members of the Executive Board, jointly and severally, to apply to the Minister of Justice for ministerial approval of the proposed changes to the Articles of Association, to sign the necessary documents and to make such changes to

the Articles of Association as the Minister may require before giving his consent.
b. Issue of 5,550,000 Ordinary Shares at a rate of 1355% and 3,000,000 "A" Preference Shares at a rate of 100° t, each having a par value of Dfls. 10, to Vereniging AGO in return for the transfer of all 50,000 shares in the capital of AGO Holding N.V. Grant to Vereniging AGO of the right to take either "A" or "B" Preference Shares in the capital of

Merger Agreement Appointment of Members of the Supervisory

Ennia N.V. at all times pursuant to Section 10 of the

Provided always that (1) the Meeting of Shareholders does not exercise its right to make other recommendations and (2) the Meeting raises no objections to the

intended appointments, the Supervisory Board announces its intention to appoint Messrs. O. Vogelenzang, W.A.J. Bogers, M.A. Geuze, G.F. Hepkema, J.A.P. van Hoof, H.J.C. ter Kuile, F.H.F. Oldewelt, B. Pruijt, A.C.P. van Rheenen and J. Zijistra, Members of the Supervisory Board immediately after conclusion of the transaction referred to under Item 3b of the Agenda. The Workers' Council has made no

recommendations and has also announced that the Council has no objections to these appointments. e. Repayment of the paid up amounts on all 40,000 B' Preference Shares nominal Dfts. 1,000, on which 25°: has been paid, outstanding on November 30, 1983, following the changes to the Articles of Association referred to under Item 3a of the Agenda, with simultaneous redemption of these shares. Repayment will be made in cash payable as soon as possible according to the statutory

f. The Supervisory Board announces its intention to appoint Messrs. J.A. Bakker, E. Oosterhoff, Th. I. Steenbergen and K.J. Storm Members of the Executive Board of the Company immediately after

conclusion of the transaction referred to under item 3b of the Agenda and to appoint Mr. H.B. van Vijk Member of the Executive Board of the Company immediately after the concusion of the Annual Meeting of Shareholders in 1984.

Fixing of the remuneration of the Hembers of the Supervisory Board.

All resolutions on this Item of the Agenda are made with the proviso that the intended merger with the AGO group takes place as planned.

4. Matters ansing.

5. Any other business and conclusion of the

Holders of Bearer Depository Receipts of the Company will also be admitted to the Meeting and will have the opportunity to speak from the floor but they have no voting rights. They will be admitted on production of a certificate of lodgement of their BDR's from a corporate member of the Netherlands Stock Exchange Association or, in the UK, from Amsterdam-Rotterdam Bank N.V. and Algemene Bank Nederland N.V. in London or, in Switzerland, from Schweizerischer Bankveren, Schweizerische Rechtanstalt and Schweizensche Bankgesellschaft at Zurich, Basle and Geneva, Lodgement must have been made not later than November 10, 1983.

The Merger Agreement and the statutory details concerning the intended appointments of the Supervisory Board are available for inspection at the offices menboned below. Copies of the documents relating to the business of this meeting are available to both Shareholders and Holders of BDR's free of charge: in The Netherlands from the offices of the Company at The Hague and Amsterdam, in the United Kingdom from the office of Ennia Holdings (UK) Ltd at London and in Switzerland from the office of Schweizerischer

A car park ticket will be sent on request.

The Executive Board The Hague, October 25, 1983 1, Churchillplein



All of these securities have been sold. This, announcement appears as a matter of record only.

October 1983



2,000,000 Shares

Common Stock

L.F. ROTHSCHILD, UNTERBERG, TOWBIN

SEIDLER AMDEC SECURITIES INC.

A. G. BECKER PARIBAS DILLON, READ & CO. INC.

ALLEN & COMPANY

HAMBRECHT & QUIST PRUDENTIAL-BACHE WERTHEIM & CO., INC.

BLYTH EASTMAN PAINE WEBBER DREXEL BURNHAM LAMBERT E. F. HUTTON & COMPANY INC. ROBERTSON, COLMAN & STEPHENS

DEAN WITTER REYNOLDS INC. F. EBERSTADT & CO., INC.

MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC.

PIPER, JAFFRAY & HOPWOOD

ARNHOLD AND S. BLEICHROEDER, INC.

BASLE SECURITIES CORPORATION KLEINWORT, BENSON

TUCKER, ANTHONY & R. L. DAY, INC. CAZENOVE INCORPORATED WOOD GUNDY INCORPORATED

ALEX. BROWN & SONS

LAZARD FRERES & CO.

GOLDMAN, SACHS & CO.

SALOMON BROTHERS INC

WILLIAM BLAIR & COMPANY

MONTGOMERY SECURITIES

OPPENHEIMER & CO., INC.

ROBERT FLEMING CREDIT COMMERCIAL de FRANCE

HAMBROS BANK

HILL SAMUEL & CO. KITCAT, AITKEN & SAFRAN

SAMUEL MONTAGU & CO. MORGAN GRENFELL & CO. PICTET INTERNATIONAL PIERSON, HELDRING & PIERSON N.V.

PETERBROECK, VAN CAMPENHOUT & CIE. VEREINS- und WESTBANK

BANK BUMIPUTRA MALAYSIA BERHAD

U.S. \$30,000,000 FLOATING RATE NOTES 1984

For the six months 25th October, 1983 to 25th April, 1984. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 10 per cent and that the interest payable on the relevant interest payment date, 25th April, 1984 against Coupon No 10 will be U.S. \$50.83.

Locat Bank: Morgan Guaranty Trust Company of New York, Lo

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The Hultiple Scierosis Society of G.B. and N.I. 286 Munster Road Fulham, London SW6 6BE

which pleased and impressed us." Future money raising. Mr Gold-\$200m-\$300m in external financing stein said, will involve straight debt.

needs over the next three years.

Intelsat, the international satellite organisation, said in London yesterday the corporation would probably begin raising the money it needs within the next 8-10 months.

Eurobonds tumble on U.S. money supply rise

By Peter Montagnon, Euromerkets Correspondent

DOLLAR Eurobond prices were

ers of the \$200m, 18% per cent Texa-co issue launched at a price of 98 by Credit Suisse First Boston on Friday afternoon. The issue was al ready regarded as tightly priced when it was brought to the market, apparently on a gamble that the money supply figures would encou-

It was on this basis that Credit Suisse First Boston managed to attract II co-lead managers into the deal, but the change in market tone since the money supply figures were announced underlines yet again the danger of launching tigh-tiy-priced bought deals on preset

The warrants accompanying the deal traded yesterday at around their issue price of \$20.

D-Mark foreign bonds were carked down by around to point on the strength of the dollar in exchange markets. Swiss Franc is sues were unchanged to slightly

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THE FINANCIAL TIMES BUSINESS PUBLISHING LIMITED

INTERNATIONAL CAPITAL MARKETS

Comsat may raise \$200m in Euromarkets

Comsat recently raised \$110m service will begin operation in 1988.

debenture in London - "a response

BY RAYMOND SNODDY IN LONDON

COMMUNICATIONS Satellite (Comsat), the U.S. satellite service group, could return to the Euromarkets next year to begin raising the

Mr Irving Goldstein, president of Comsat, the U.S. representative on Comsut needs capital of around \$800m in the next live years, half of which will be raised externally.

"It is decidedly possible that we would return to the Euromarkets. It's certainly one of the major op-tions," Mr Goldstein said.

marked down by around 's point yesterday as the market reacted to the sharp \$2.4bn increase in U.S. M-1 money supply announced on Friday night.

The fall was bad news for manag-

Yesterday the bonds were trading at a discount of around 2% points but dealers detected some bargain buying at lower levels. U.S. corporale borrowers have become rare visitors to the Euromarkets and Texaco is a name with some appeal on the Continent.

prices, dealers said.

equiered Address

Bracken House, Carmon LONDON EC4P 48Y.

Comsat carlier this year signed a 10-year contract with the National through a subordinated convertible Broadcasting Company (NBC) to distribute the network's programmes by satellite to between 190-200 affiliates. The deal worth "several hundred million dollars" will involve heavy investment including the provision of satellite earth stations at all of the affiliates.

The corporation needs the capital mainly for the expansion of the Intelesal system and following the de-cision to press ahead with direct broadcast by satellite (DBS). A five-to September 30, an increase of 15

An increase in income authoritable to the sale of the digital electronics part of Conset's computer stand engineering (CAE) operation with largely offset by increased losses from Conset's partnership interest in Satellite Business Sys-

A cost reduction program rotved the loss of 170 lobs. cision to press ahead with direct broadcast by satellite (DBS). A five-channel service broadcasting to the Eastern U.S. will begin next auturn and a full high power DBS come of \$127m in the third quarter to September 30, an increase of 15 the groups chandled at income per cent or \$1.7m. Earnings per share were 71 cents on 18m shares. \$22m. or 39 cents a share over that an increase of 2 cents on 18m tor the first pine months of 1983.

No. 145,00 Metro 12 145,00 Metro 24 141,00 Metro 17 145,00 Metro

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 24.

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Gold mining companies



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Transvaal **Angle American Corporation** Vaal Reefs Exploration and Mining Co., Ltd. (Incorporated in the Republic of South Africa)

administered by

With regard to the report for the quarter ended 30 September, 1983 of the above company which appeared in this newspeper on Fiday, 21 October, 1983 please note the following

corrections:-(1) Financial Results

되되면

CORRECTION NOTICE

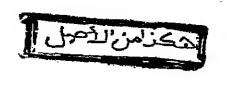
(a) Under the heading "Afrikander Lease area Gold Section" the total figure for the quarter ended June 1981 should be "(35)".

(b) In the "Development" results the figure for "Sampled — gold" for the quarter ended

September, 1983 should be "1.46". Planned Production and

Capital Expenditura The figure given in the second paragraph for estimated capital expenditure for the year should be "R145 million".

25 October, 1983.



SECTION IV

FINANCIAL TIMES SURVEY

World Telecommunications

Suppliers jostle BOND SER for new markets

THE WORLD telecommunications equipment industry is in the grip of powerful structural change. Once a business which was conducted largely behind national borders, manufacturing is increasingly becoming international, as suppliers jostle to exploit new markets while confronting the challenges of growing competition and rapid advances in technology.

The industry is discovering a new zest for strategic alliances, as manufacturers who have traditionally ploughed their separate furrows recognise that it is in their common interest to join forces.

The most dramatic, and highly-publicised, recent example of collaboration was the agreement earlier this year between American Telephone and Telegraph and Philips of the Netherlands, Europe's largest electronics and electrical company, to form a joint venture to sell and electrical company, to form a joint venture to sell switching and transmission equipment internationally.

> principal customers for such equipment. But it is becoming increasingly difficult for them to

A new pattern of co-operation is developing, which extends beyond the telecom-munications industry to sacinde It seems likely that such deals will continue to proliferate over the next few years.

Lieux die likely that such deals will continue to proliferate over the next few years.

Lieux die likely that such deals will continue to proliferate over the next few years.

Lieux die likely that such deals tries, development costs have been substantially funded—either directly or indirectly—by national telecommunications administrations, which are the principal customers for such that such deals tries, development costs have been substantially funded—either directly or indirectly—by national telecommunications administrations, which are the principal customers for such that such deals tries, development costs have been substantially funded—either directly or indirectly—by national telecommunications administrations, which are the principal customers for such as the cost of the cost

scale: Though the cost of recoup investments on this scale microelectronics components through domestic orders and microelectronics components through domestic orders and continues to decline, the cost of developing the software needed for the increasingly wide range of sophisticated functions which modern telecommunications systems can perform is rising at least as fast. Writing software worldwide, Many industry experts believe that the number of the next was hallowed over the next. least as fast. Writing software is an almost entirely labourintensive activity which requires highly skilled manpower and is notoriously prone to problems

and delays.

The investment needed to develop a new family of digital public exchanges is now comparable to the sort of sums involved access to their telecommunications markets. In Western Propose and Japan, powerful mercial airliner. ITT has spent an estimated \$1bn so far on its System 12 switching, system,



The City of London: the financial world's most dense telecommunications market; above, the international dealing room of the London branch of Merrill-Lynch

unusually breach these barriers to manufacturers other than only if they have manufacturing operations in the countries concerned or joint ventures with local manufacturers.

The Third World, which for many years was a fairly open market and to maintain suitable market, is also becoming more described in the manufacturing of developing countries are increasingly crying to build up indigenous telecommunications indigenous telecommunications industries on the back of large equipment orders, and many laster side of the fence equipment orders, and many industries on the back of large indigenous telecommunications and computing technications industries on the back of large equipment orders, and many indigenous telecommunications and computing technications industries on the back of large equipment orders, and many indigenous telecommunications and computing technications and computing technications and computing technications on either side of the fence indigenous telecommunications and computing technications industries on the back of large equipment orders, and many last industries on the back of large equipment orders, and many last industries on the back of large equipment orders, and many last industries on the back of large equipment orders, and many last industries of the fence on either side of the fence indigenous telecommunications are the communications are provided as a constant of the manufacturing a knowledge of different customer needs is latter's spirit of initiative. In both instances, patient and emerging office automation skilled management many be emerging office automation. In the PABX market, and knowledge of different customer needs is latter's spirit of initiative. In both instances, patient and emerging office automation. In the probably equally important. The merger of the makes spirited in market is likely to call for an amalgam of data processing and communications in the PABX market.

In the PABX market, and knowledge of dinferent customer needs is latter's spirit of initiative. In both may be halved over the next decade, as companies decide either to pool their activities or withdraw from the business altogether, as France's Thomson Europe and Japan, powerful state authorities (PTTs) maintain monopolies over large parts com has invested at least \$700m. buy almost exclusively from. In the U.S., the break-up of linking up with Rolm, a com- which are not always easily wide scale.

favoured national suppliers. AT & T is expected to open Foreign companies can up large parts of the market unusually breach these barriers to menufacturers other than only if they have manufacturing Western Electric, which has

pany only a fraction of its size compatible, while a big manu-which has been extremely facturer which teams up with a successful in the PABX market, small, entrepreneurial, company

PART TWO

Part One appeared yesterday

IN TODAY'S SECTION

Equipment suppliers: the world leaders	XVII
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U.S.: seven regional telephone companies	XXVII
Financial world: impact of new technology	XXVIII

 PART ONE of this survey included the following topics: the U.S. market, in the threes of upheaval; the U.S. PBX market; AT&T, a monolith in transition; a shake-out ahead for U.S. equipment suppliers; long-distance and local services in the U.S.

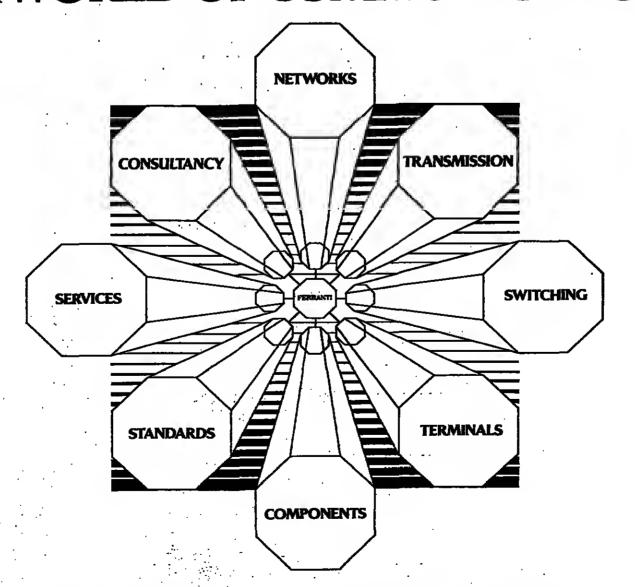
Other articles examined Britain's far-reaching objectives and the re-organisation of British Telecom; the potential for new cable and satellite technology; and the Macritive challenge.

Other features examined the wide scope for joint state ventures in Europe and the investment programme of European PTIs. FT writers also reported

on letest telecommunication developments in West Germany. France, Italy, the Nordic Countries, Belgium, Netherlands, Canada and the Far East.

• Editorial production of this survey was by Mike Wiltshire; design by Philip

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Alan Cane examines the progress made towards the office of the future

The marriage that led to the electronic office

SEVERAL YEARS ago it was called convergence; then office automation, and now it is happening. Right from the early days of computing, it was clear that a marriage of computing-the power to process information—and telecommunications — the power to move information around-should revolutionise office practice.

Indeed, in some scenarios, it does away with the office altogether as executives work from home or any other place of their choice using portable workstations linked to computers at head-quarters by telephone lines

Thoso scenarios have faded a little these days, although there has certainly been an increase in the numbers of people who work from bome using computors of one sort or another. A recent survey carried out by the British Equipment Trado Association (BETA) showed that almost two thirds of Britain's top companies think they will have a significant number of people working from

home by 1988.

There is a balance between the in-There is a balance between the increasing costs of transporting people to work and providing them with services there and the declining costs of the kind of automated equipment which make it possible to work from home; that balance is tipping increasingly towards the home.

New promise

Already, video teleconferencing— meetings held over telephono lines using closed circuit television techniques—is showing new promise now that the prob-loms of squeezing all the information which has to be transmitted in the comparatively narrow telecommunications line conduit are beginning to be solved. The chief objections to teleconferences have been the "bandwidth compression" techniques which have tended to produce a dograded image, coupled with the fact that the basic equipment to establish the teleconference has been cumber-some, or inconvenient, or both.

Earlier this year a small Silicon Valley company, Compression Labs, announced a system which seems to have gone a long way to solving the "bandwidth compression" problem, using two techniques called interframe and intraframe

coding which, essentially, ensure that the system transmits only essential new information—only, for example, details of a speaker's movement against a static

The company has also developed a compact camera/projection conferencing system costing only \$35,000 that is said to oliminate the need for a specially fitted conference room.

The chief challenge in applying telecommunications to the office is to keep costs to a minimum, and to make the best use of the capacity available.

Which explains much of the excitement in the past few menths over local area networks (LANs), ways of linking together all the constituent parts of the automated office—word processors, work-stations, computers, facsimile machines, copiers, filestores and printers—so that information and instructions can be passed between them swiftly, accurately and at low cost.

and at low cost.

Conventional high speed data transmission techniques used for example to move data between a computer and its move data between a computer and its terminals are complicated, very expensive and they are physically inconvonient to install in the typical office. Speaking in London recently, Mr Harold Harringtom, a senior systems engineer with Sperry based at Salt Lake City, Utah, poirzed out: "Tho communications techniques which aerved the minks and the maintenance are not

minis and the mainframes are not appropriato for intra-office communicaprimarily a modom and a phono line, fail insido an office because of a lack of flexibility and performance."

of fiexibility and performance."

So LAN was conceived. Thore is at present little agreement on whother the most suitable LAN for the office should be based on computer technology with control residing in a separate processor or indeed in the peripheral devices themselves or whother it should be based on the office switchboard—which is Itself simply a digital computer these days. simply a digital computer these days.

The computer approach is favoured by companies such as Xerox, Digital Equipcompanies such as Aerox, Digital Equip-ment and Wang. The switchboard approach by the telephone specialists like Rolm, Northern Telecom and, in the UK, Plessey. Three years ago, on balance, the computer solution was more attractive. Now the telecommunications companies have pulled back much of

According to Mr Harrington: "IRM and Texas Instruments are currently

engaged in a joint development effort which will produce a token passing chlp set with a high degree of functionality. It is anticipated that these chips will be used in products announced late in

Token passing is simply a technique for getting data on and off a LAN. Mr Harrington implied that IBM would announce first a ring — a closed loop where data circulates at high speed and later a bus whore information is broadcast to all devices on the LAN at the

same time.

He said: "Sperry plans to utilise LAN techniques as the primary means of communication between terminal, microcomputer and mainframe equipment. The LAN of choice for Sperry will be the IEEE token ring (the electronic industry standard). This assumes that the IBM implementation agrees with the

LAN techniques

If there is a difference, IBM's version will become a de facto standard and it is highly probable the IEEE documents would be changed to adopt any differ-

Mr Harrington's comments shed new light on what has been one of the most interesting questions in office automa-tion over the past few years: in which direction will IBM move?

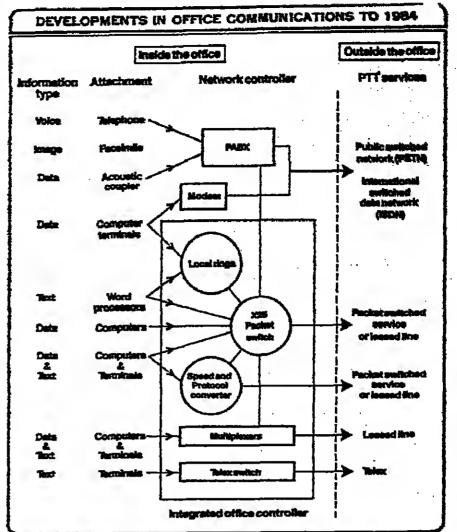
The undisputed leader in mainline data processing IBM has underlined its power in the aspects of data processing by securing some 30 per cent of the by securing some 30 per cent of the Personal Computer market place within two years of entry.

Its presence in the office has been much more muted. There has been an adequate word processor, a small business system and some not very well regarded software to tie them together.

There has been a powerful office document distributor and printer and various forms of mass storage, but nothing that could be described as a clear direction ahead.

IBM's entry into the Personal Computer market place has been described as taking customers from confusion to safety. The same seems likely to be true

of the office market, After word processing, electronic mail is the most rapidly growing area of office automation. These systems allow two or more people to communicate with each



The chief challenge in applying telecommunications to the office is to keep cost to a minimum, and to make the best use of the capacity available. There is a surge of interest in local area networks (LANs) to link together the constituent parts of the automated office, so that information can be circulated swiftly, accurately and at low cost.

Forthcoming. surveys

in the FT

TWELVE SURVEYS on the electronics industries will be published by the Financial Times next year.
The survey titles will include:

- The Desk-top Revolution
- Menufacturing Automation Mobile Communications
- · Electronia Componente
- · Electronics in Europe
- a Computers in Benking and Finance
- Wideo and Broadcasting
- · Software and Services
- Communications in Business · Electronic Information Services
- Cargo Computera

Mobile communications

In particular, the survey on mobile communications will examine recent advances in the technology which offer new freedom and convenience to users and are creating high-growth markets for equipment and services worldwide. The advent of cellular radio, which users computer power and modern switching rechniques to expand varily the capacity of mobile communications systems, points to a future when the pocket terminal will be commonplace.

pocket terminal will be commonplace.

Such terminals will be usable almost anywhere—in a car, a mari or on a street corner—and will be designed not just for voice but for computer data as well.

The advantages will be available not just to busy executives who went to take their offices with them wherever they go. Cellular sudio also promuses to extend modern-communications to large, lightly-populated areas, particularly in the third world, which it is not at present practical to serve by means of traditional terrestrial systems.

British Telecom Gold and Leyland System's "Comet" are commercially available examples of electronic mail;

other using electronically transmitted

many companies with extensive telecom munications networks such as Citibank or Chase Manhattan have their own systems using this technology.

The important feature of such systems

is that communication can take place in real time with both sender and recipient at their terminals or over a period of time. Messages are filed in a "mailbox" — the memory of the computer controlling the system — to be retrieved when the recipient returns to his or her terminal

People who use electronic mail swear by it. The paperiess office is still as far away as ever but electronic mail does help to cut down paper messages - and more significantly, phone calls.

Electronic mail is simply an extension of message switching, computer techniques applied to relex so that messages could be stored and forwarded.

With the emphasis - as ever in telecommunications — on keeping costs down, Computer and Systems Engineer-

ing of Watford recently announced a low cost electronic mail system, Beeline, low cost electronic man system, needing, based on its existing message switching techniques and existing terminal devices whether word processors, personal computers or dumb terminals.

A typical configuration costs between \$70,000 and \$350,000.

The new interest in automating offices

is due to a combination of falling hard-wave costs, increasing need for econo-mies and efficiencies and increased awareness of the benefits. Now the hand-wagen has started to indve, it will not be helted.

How the world's leading equipment suppliers line up

 American Telophone and Telegraph (U.S.): AT & T is seeking new markets and forming industrial alliances both at home and abroad in an effort to offset the expected loss of near-captive business from its local tele-phone companies, which it is due to shed early next year.

It has agreed to set up a joint venture with Philips of Nethorlands to switching and transmission Europe, the Middle East and parts of Latin America. It is also bolding talks on collaboration with - and a possible investment in— Olivetti, Italy's main office products company. It is involved in a joint chipKorea and has a part-share in a small Irish telecommunications manufacturer.

expanding its sales channels to include independent distributors and retail chains such as Sears. It has also licensed several microelectronics manufacturers to use its Unix computer operating system with their products.

Compagnie Generale d'Electricite (France): Owner of CIT Alcatel, France's leading telecommunications manufacturer, CGE recently deepened its involvement in the industry by an asset exchange with Thomson Brandt, the country's largest electronics and electrical group. CGE is assuming management control over a new state-backed

holding company, to which Thomson has transferred its telecommunications basiness.

company may eventually merge but whether the reshuffle will enable France's telecommunications industry to remain internationally competitive on its own is uncertain. CIT Alcatel says that it wants to ally itself with foreign partners. It has joined forces with Philips in cellular mobile radio and has

CIT Alcatel and the holding

recently been rapidly expand-ing its business into new products and territories. It

aims to achieve much of its future growth in information systems. In the past few years it has bought Datasanh, the main Swedish computer manufacturer, and Facit, which makes olectronic type-writers and other office products.

In the U.S., it owns a joint venture with Atlantic Richfield, the oll group, involved in equipment marketing, software and cable-making. It is working with Honeywell, the facturer, to develop in the based on Ericsson PARXs and Honeywell computers. It terminals American another

of international manufacturing activities, including a joint venture in Britain with Thern EML.

GTE (U.S.): The biggest vertically-integrated inde-

pendent telecommunications company in the U.S., GTE owns a UK equipment manufactoring venture jointly with Ferranti and is collaborating with Italiel, Italy's stateowned equipment manu-facturer. It is also involved in equipment production in

International Machines (IBM), U.S.: IBM is expected to build on its alliance with Rolm, in which It bought a minority interest earlier this year, to expand in telecommunications and office automation. Headautomation. quartered in California, Rolm

has grown fast in less than a decade to become one of the world's biggest manufacturers of digital private

exchanges (PABES).

IBM owns one-third of Satellite Business Systems, which operates a sophisticated satellite communications network in the U.S. IBM is also seeking tele-communications partners in Western Europe, where it makes its own PABXs, but has aunounced no agreements

@ Mitel (Canada): Mitel has agreed to supply a version of its large PABX, the SX-2000, to be distributed by ICL, the largest Britishowned computer manufac

Mitel was also collaborating with IBM, apparently on de-

this deal was called off earlier this year. Another plan to work with Schentific Atlanta to develop satellite communications systems was also called off. Northern (Canada);

Northern Telecom is seeking to broaden its business in the U.S., where it has already received large orders for switching equipment. It is

working with computer manu-General and Sperry, to make their equipment compatible with its products. Its large SL-I PABX is also made

General Electric Company.
Northern Telecom's U.S.

purchase of two small American data terminal manufac-tacers in the late 1970s led to hig leases, which were only receptly brought under con-trol.

Piency (UK): Liberalisation of Britain's becommunications market

has led Pleasey to venture oversees in an effort to achieve world-class status, it has acquired the public switching business of Strom-berg-Curlson, an independent

lite receivers and It has also discussed laboration with Burre

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may find fewer lines are needed. And with the

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SOPHO-NET not only links all your

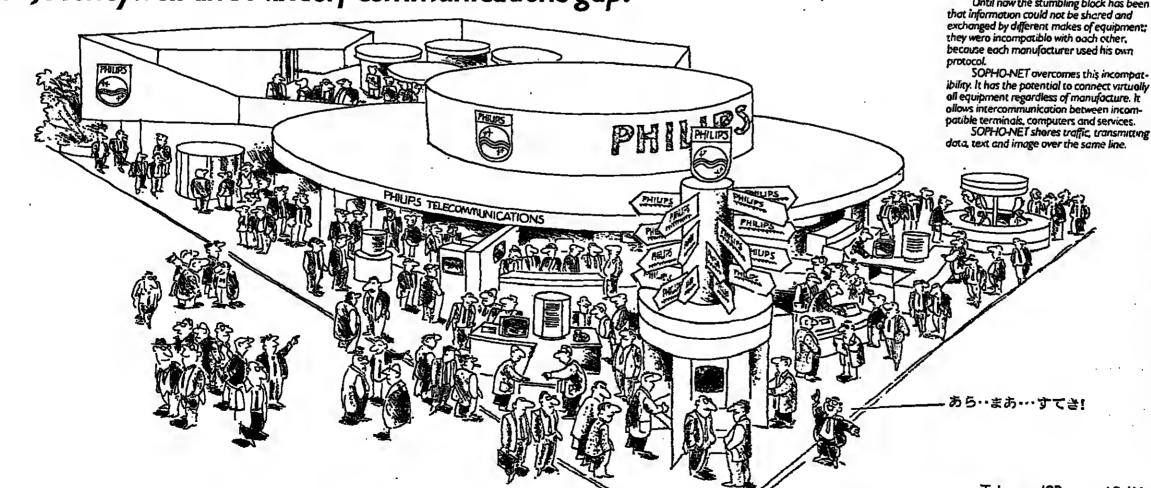
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existing dataprocessing and office equipment it also connects to public data networks as

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Philips is bridging the Burroughs, CDC, Wang, Cll, Hewlett-Packard, Digital, Sperry, Siemens, IBM, ICL, NCR, Honeywell and Nixdorf communications gap.



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Until now the stumbling block has been exchanged by different makes of equipment:

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Sharing information within your company should not mean sharing it with the compe ution. SOPHO-NET's three-level password check - to verify identity and authorization onsures that you don't. SOPHO-NET provides corporate, loca-

tion and departmental packet-switched networking. Foil-safe and with end-to-end control. SOPHO-NET offers protocol conversions, so all makes of equipment and other networks can communicate with each other: if need be on a worldwide scale and through any existing telecommunications link.

Information can be bounced-off satelites. beamed through optical fibre cables, converted to micro-wave radio signals, transmitted along public or leased lines, switched by public and PABX exchanges - and delivered to your terminals and printers.

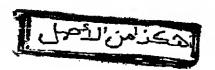
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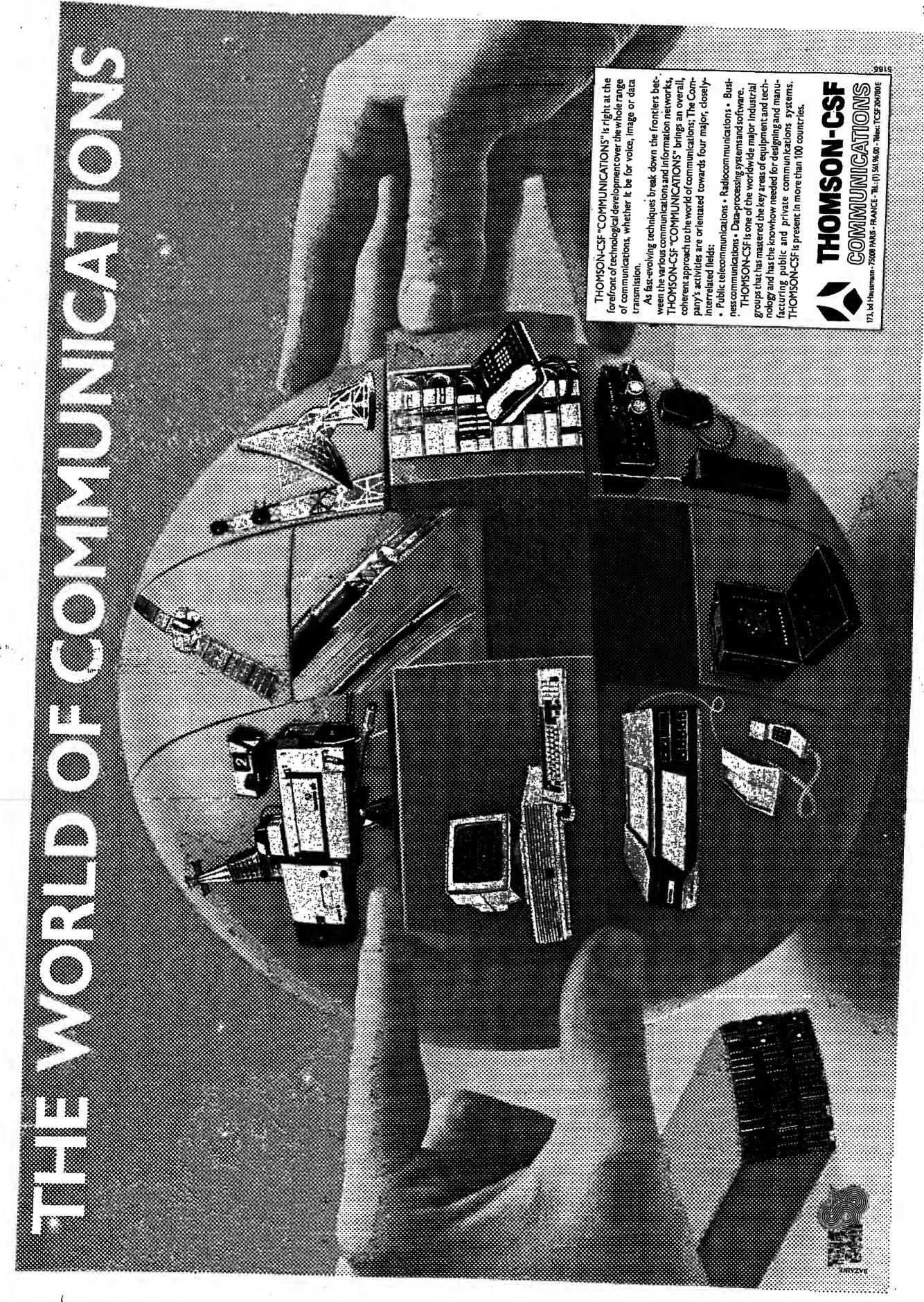
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WORLD TELECOMMUNICATIONS XX

CITY BUSINESS SYSTEM

A UNIQUE three-in-one comquietly revolutionising the way business is conducted in the City of London.

Designed to meet the exacting communication needs of currency and commodity dealers in particular, the City Business System com-bines telephone, telex and computer terminal.

All operations are controlled by fingertip touch of labelled "keys" which appear on a visual display unit. The touching action is detected by means a grid of infra-red beams which run over tho surface of the screen.

In this way the user can make internal or external phone calls, bold and release them, and also designate a line as private. The system can store up to 5,000 pages of information as well accessing information that is stored on other computers this is displayed on the top

Up to a total of 1.024 exchange lines, switchboard extensions or private lines, can be connected to the system, and it can cater for a maximum of 512 dealer consoles.

The City Business System is the latest addition to British Telecom's special range of services to business le the capital. A special net-work, the London Overlay Network, uses digital links which can carry voice or video or computer data, giving the nation's financial centre the telecommunications services it needs. By providing specialised services and private circuits oo demand, national and international organizations are able to operate more efficiently and more competitively. Seen here is the new

Central Treasury operation at Williams & Glyn's bank in Lombard Street. The bank is the first in the world to use this comprehensive City Business System.



New moves to harmonise international standards

A FEW YEARS ago, when the and this means common inter-European Commission first took connect standards and operat-an interest in the development ing procedures and protocols. Europe, it carried out a study to determine what telecommunications equipment and systems were uniformly standard throughout the European Community. The findings con-firmed its worst fears, for among the hundreds of items it looked at, only the humble telephone pole was found to be a reasonably standard product. Had the Commission extended its survey beyond Europe this lack of uniformity would have been even more alarming.

For most industries and service supplies the general lack of common international standards is little more than an inconvenience they have man-a to cope with. In most cases, equipment and systems operato in a national environment and are not required to be inter-connected on a real-time basis to equipment and systems in other countries which may have adopted different technical standards, Telecommunications, however, cannot operate in this way. By its very nature it has to be a totally integrated international system which, in the emerging information tech-nology age, must allow sub-scribers world-wide to communicate one with another, not jut by voice but to exchange

Complex network

The international telephone oetwork is the largest and most complex interconnected real-time system in the world, lioking more than 550m tolephone through a series of switches and ing from a pair of copper wires to optical fibres and satellite works have been, and are contiouing to be, introduced along
with new mobile radio systems
and a vast range of new
terminal devices and many oew
terminal devices and many oew
Two things will occur. Firstly,

International telecommunications standards have, traditionally, been the responsibility of the International Telecommunications Union's technical arm. the International Telephone and Telegraph Consultative Committee (CCITT). The ITU has been relatively successful since it was established in 1385 in creating standards to maintain the flow of international voice communications, although in recent years differing national intepretations of some of Its standard recommendations in the data communications areo have led to some minor prob-lems of incompatibility. Inter-national committees like the CCITT tend to move at a very slow pace, but in the past this not not presented major difficulties because the 15-to-20-year operating life of most equipment gave ample time for the committee to develop and implement standards for successive new generations. The new semiconductor-based technology of the information age, how-ever, has changed all this. Not only is the range of products and services expanding at a very fast rate, because of the sheer pace of technological

advance, equipment innovation cycles have become greatly shortened. Some fears have been expressed that the establishment of standardisation recommendations and their so-called harmonisation could delay the introduction of new systems.
While this certainly might have occurred in the past io those countries where the traditionacross transmission media rang- commuleations administrations would have accepted such tical fibres and satellite delays, in the new era of Many other data net-increasing liberalisation and

bility to enable them to adjust the tiller and come on course once the CCITT standards are published. Not a very exact science. Secondly, and potenti-ally a considerably greater threat to harmonisation, there is the competitive industrial factor.

Benefits

Manufacturing companies ob-viously gain most benefit from advancing technology if they can be the first in the field with a new product. Companies cannot wait indefinitely for international standards recommendations and, seeing as they do a CCITT apparently unable to adjust to the new demands of the 1980s, some are forging ahead in an attempt to imposo their own standards on the rest of the industry by establishing a dominance in a market area which, they hope will, in turn, lead to the establishment of a de lacto standard which the CCITT will be forced to accept (the IBM factor).

While there are examples where this has succeeded in the telecommunications field (Siemens can be said to have achieved that result with telex), in most cases the world ends up with mamerous incompatible systems which may offer some short-term gains to a manufacturer and some users but in the long-term impose delays and restrictions on the overall growth of the total system.

At the end of the day it is the system user who suffers, either by having to pay more for his equipment or by being unable to benefit to the full from a new system. There are many examples but typical is the current situation arising from the introduction of cella-

lar radio systems in Europe. These systems effectively extend the telephone system for mobile use, allowing sub-scribers to dial into and receive calls via the public telephone subscriber services. This total national administrations will network in the same way as lieven system must be able to inter-increasingly antielpate stanthey would as a residential subbroader national basis if its full and network and subscriber services network covering the greater exciting potential is to realised, with, hopefully, sufficient flexipart of Scandinavia which

meens that, for example, a Norweglao can drive from Oslo to Helsinkt and use his mobile telephone throughout the jourrey. It would seem legical for European administrations to wish to extend this system throughout the Continent so that subscribers from any one country victions and other ways. country visiting any other country by car could connect into the telephone network.

It is not to be. Britain has opted for a different system, the French and Ger-mans seem set to opt for yel another system, while the Dutch have chosen the same system as the Scandinavians but have changed the technical parameters and hence rendered it incompatible. So, although there are no major technical problems that could not be overcome, users will now have to wait until the next generation of cellular radio systems arrive in the 1990s and, hopefully, some common standards, before Europe-wide mobile telephony becomes a reality.

Major efforts

Hopefully many of the prob-lems of the establishment of standards will quickly be re-solved. The new secretary general of the FTU and the director of the COITT are fully aware of the problems which exist and are making major exist and are making major efforts to resolve them. There are signs that internationally agreed standards will emerge from the CCITT for the new integrated services digital net-work, including those for standard multi-purpose interfaces. The focus of harmonisation in Europe is the Euro peac Conference of Postal and Telecommunications Administrations (CEPT), founded in 1959 to facilitate cooperation among 26 national administrations. Its five main harmonisation working groups are also making a major contribution within Europe which they believe will set patterns for broader internalional harmonisation. Telecommunications

Robert Raggett

World Communications Year has an educational theme

THIS YEAR has been designated World Communications which don't have good communications are therefore at Year by the United Nations. One of the main objectives of the "Year" is to stimulate the international development of communication and so narrow the gap between the rich tech-nocratic societies of the West, and poor, often-isolated com-munities in the Third World.

In the West, where (despite many critics) the tolephone and broadcasting systems are, in general, second to none, the ability to communicate over long distances at a few seconds' notice is taken for

Yet in many other parts of the world the basic tools of communication are tacking roads are inadequate and, in many cases, telephones do not exist. These deficiencies are a major obstacio to economic development

The U.N. regards the development of communications throughout the world as an munications equipment, is important element in the fight co-ordinated by the Department of Industry, which has a vested of Industry against hunger, unemployment, ignorance and poverty—hence World Communications Year.

chairman of the UK's national at home and abroad committee for World Communications Year, comments: off in the UK with a one-day "As a country, we devote millions of pouods to helping caster Hotel, London, on
economic development and relieving hardships across the under the auspices of the world. Much of this — and Department of Iodustry, the other foreign aid — could be Department of Trade and the far more effective if there British Computer Society. existed basic systems for comministering relief.

a catalytic effect oo economie and telecommunications both development, and countries as a "lubricact" of trade

Communications " World Year is therefore, despite its grandlose title, a timely and important initiative."

Unlike previous "Years," such as the International Year of the Disabled, World Com-munications Year is not at first sight an ovent which lends it-self to public involvement. But the thome for much of World Communications Year is an educational one, with governments and companies in the communications field taking a leading port in holping others to use modern telecommunica-

Manufacturers

In the UK, the national world communications group, which represents most leading manufacturers of telecominterest to promoting Britain's technical ability, particularly in Sir Donald Maitland, who is the telecommunications field,

The "Year" is being rounded The conference theme will be munication between the people "Telecommunications — the in need and the ageocies adinistering relief.

- Effective communication has ance of information technology

channels and as a valuable product in itself.
As Sir Donald Maitland says: It's easy to be sceptical about the nature and purpose of these 'Years' which are proclaimed from time to time by the UN.
There is nn doubt, however,
that they do contribute to in-

ereasing understanding and awareness of problems. "World Communications
Year is an occasion for looking at the world from a different viewpoint. It also offors a large number of British companies important opportunities

Michael Wiltshire



Sir Donald Maitland: " a timely and important initiative

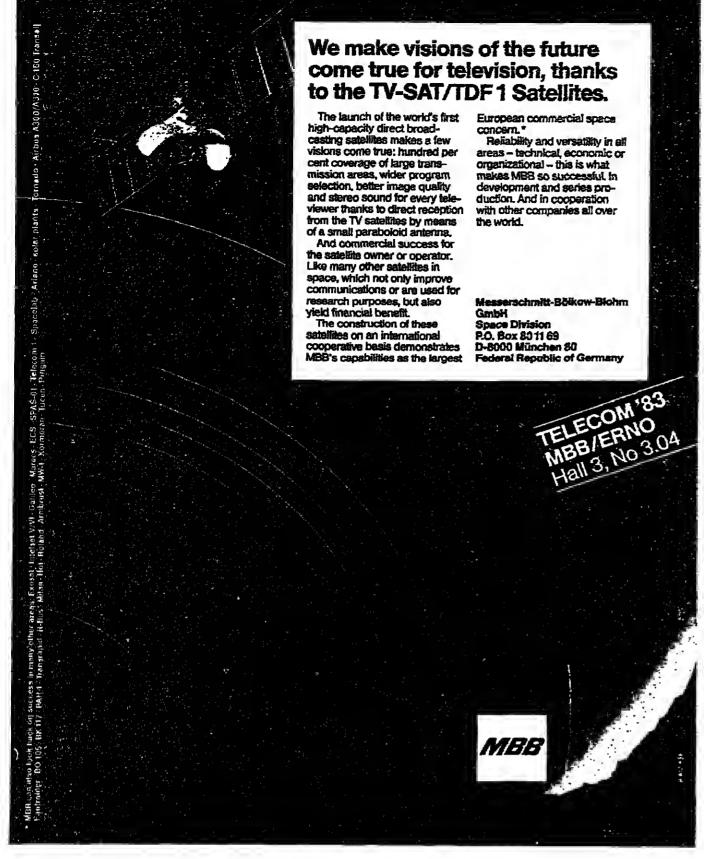
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WORLD TELECOMMUNICATIONS XXI

Rex Winsbury discusses what progress has been made towards a wired society

Interactive services await breakthrough to mass appeal

TELE-SHOPPING, tele-banking, t past two years bas, for the first time, meant that many offices and households have the type of terminal that makes these visions practical. Experiments in Germany, with the Verbraucherbank; in France, et Biarritz; in the UK, with the Homelink home banking scheme; in the US, with videotex systems like Viewtron; and the concerted trend to building new hightrend to building new high-capacity cable systems across Europe, make it likely that sub-stantial changes are now in train in the way money and in-

Tions

monise

dards

Homelink, operated by the Nottingbam Building Society and the Bank of Scotland, is the first substantial thrust into home (and office) tele-banking in the UK. It had always been forecast that the first move would not be made by a major clearing bank, and so it proved. After selective and recional After selective and regional edvertising during the summer, Homelink has now moved to full-scale national promotion. It operates across the Prestel view-

formation are handled.

Homelink

Interestingly, it has progressively reduced the requirements for participating in the Homelink scheme, from a £10,000 building society deposit in the early trial phase to £1,000. You can transfer money between the building society and the bank, order bills to be paid, ask for loans, obtain credit cards and perform other routine banking

functions.
You either have a special Home Deck adaptor for your TV set, or you can access Homelink through your microcomputer as a member of Microaet 800, the other interactive development on Prestel, this time mainly for the distribution of games to home micros by telesoftware. Since its launch earlier this year, Micronet has gained over 3,000 subscribers, although progress in the market has been commendated in Europe was undoubtedly the Verbraucherbank of Hamburg, a small credit has been commendated.

Prestel itself has taken the route of special-purpose appli-cations, such as travel industry, Micronet and Homelink, Private Micronet and Homelink. Private viewdata systems have to an extent taken over some of these same dedicated applications. BL and Ford for stock control in the motor industry; Rumblelows in the electrical retail trade, nsing Bishopsgate terminals; Thomas Cook in the travel trade; Baric in the pharmaceutical business — are all examples of successful application of the viewdata idea to specific purposes.

Thore is indeed a view new to an extent not system, has done good business supplying stop-gap help to the German Bundespost.

However, in terms of ambition, backed by poblic money, it is the French experiments at Biarritz that will attract most attention. Aimed at only 1,500 users (yet to be signed up) and using advanced fiber-optic cabling (now installed), its aim is to test both conventional uses of cable for distribution of multiple TV channels—typically the French are arguing about

There is, indeed, a view now gaining ground that viewdata gaining ground that viewdata as a separate style of distributed computing will disappear, merging back into on-line communications and micro-computing, but taking with it its lessons of simplicity of screen display, ease of use, and common standards of communication and common produces lawout Angelong and common produces lawout Angelong and common produces lawout Angelong lawout and common produces lawout Angelong lawout as a separate lawout and common produces lawout and composition produces lawout and common produces lawout and common produces lawout and composition produces lawout and common produces lawo common standards of communication and screen lay-out. An example of this is the GEC Foxi system now in use in the Chemical Bank foreign exchange dealing room in the City of London, which is quasiviewdata in that it combines the menu method of data selection and the page method of tion and the page method of data display with standard video terminals in monochrome,

base for its performance. GEC, supplier of the basic hardware and software on which Prestel runs and operator which Prestel runs and operator of a private viewdata burean used by British Rail and the Export Credit Guarantee Department, among others, is also marketing a range of private viewdata systems, in the range of £25,000-plus terminals to \$500.000-plus terminals.

and depends on its calculating

power rather than e large data-

which was formally launched as a public service in September at the Berlin Radio and TV Fair, but whose real marketing to the German public has been delayed until next year by problems with the software of the IBM system chosen for the purpose. Meanwhile, GEC, supplier of the German trial system, has done good business supplying stop-gap help to the German Bundespost.

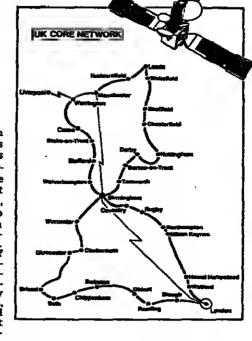
However, in terms of ambi-tion, backed by public money, it is the French experiments and using advanced fibre-optic cabling (now installed), its aim is to test both conventional uses of cable for distribution of multiple TV channels—typically the French are arguing about whether they all have to be French-language channels, or whether "foreigners" are allowed — and for state-of-fibe-art interactive uses such as picture telephones, interactive viewdata, database access and reservation facilities, and (perreservation facilities, and (per-haps most interesting of all) on-demand access to video material, whether feature films or (say) documentaries about the city's attractions. This latter may use laser-disc players at the cable head end to distribute the moving pictures, real time, to the requesting subscriber.

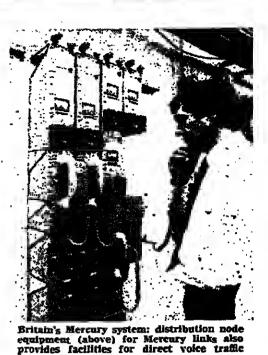
French PTT

Whether all this works, and whether the huge cost to the French PTT (about £3,000 per home connected) is worth it, remains to be seen. But as a remains to be seen. But as a testbed for France's generally ambitious plans to cable the entire country with fibre optics as an industrial objective, it may justify itself in other than purely local comercial terms. Similarly, some of the UK private cable operators, such as Rediffusion and Thorn-EMI, are planning state-of-the art cable act rather as motor racing does for the big car manufacturers,

They can, if wanted, offer interactive services at marginal rates, assuming that the main revenues of the cable system are derived from entertainment services. They can offer subscription rates as opposed to the time-based charges that are characteristic of telephone-based viewdata.

Whether they will do all these things remains to be seen. But U.S. experience tends to suggest that once cable has been built, there is an incentive to provide as many add-on services as possible, to generate maximum marginal revenues.





Robert Raggett analyses the formidable problems of switching to ISDN

Race against time for super network

THE WORLD'S telecommunica-tions networks have developed over the last century, primarily to provide a means of analogue woice communications in which varying frequencies, correspond-ing directly to the sound waves generated by speech, are carried through a complex network of wires, cables, radio links and electro - mechanical switches. Currently more than 550m telephones are connected to this world-wide network, and most of them can be directly connected one with another. nected one with another.

Over the past decade, new electronics have provided the technical and economic means

to begin to replace this ageing analogue network with new electronic digital systems. Digital transmission and switchelectronic digital systems, in which any form of information—voice, data or images—can be represented and passed through the network in the form of groups of coded range of voice and non-voice digital pulses, offer many advantages over analogue systems in terms of technical performance and cost savings. Beyond these, because digital pulses, offer many advantages over analogue systems in terms of technical performance and cost savings. Beyond these, because digital connectivity (both fixed and mobile) to support a wide range of voice and non-voice services. This "super network" telephone subscriber in a car in, say, London to communicate by voice, data or facsimile to network access, switching, signetwork (sign). installations whose objective is offer a whole range of new com- interactive banking and retail not narrowly commercial, but to puter-based subscriber services, access to a wide range

the new information technology. High speed data transmission between a wide range of ter-minals, facsimile, viewdata, ter-minal access to data bases, and high speed telex (teletext) and other electronic mail services are among some of the new in-formation services already being demanded.

While new dedicated com-munications networks are being

munications networks are being created to satisfy some of the demand for these services, in the long term it is clearly desirable to exploit the inherent capabilities and widely installed base of the future digital telephone network to create a single integrated services digital network (ISDN)

being exploited in the creation from the ISDN to other private of what has become known as data and information networks, the new information technology. In this way, for example, customers so authorised will have access to banking networks to enable them to conduct e range of transactions, while executives working et bome will have full access to their company's private information networks via the TON.

the ISDN. the ISDN cannot, of course, be switched on overnight. Its development will evolve over the next decade as more and more of the world-wide telephone network is converted for digital operation, A crucial challenge to planners today is to develop facilities and services that meet the customer's vices that meet the customer's current needs, yet can evolve gracefully to meet future ISDN

tems that will meet current data needs as well as the future expected international ISDN the market has been somewhat the market has been somewhat delayed by problems of data constition over the telephone viewdata terminals, so that lines and acoustic completes so far used. Plug-in modems and ROM software are now on offer to BBC and Sinclair owners,

Prestel has had a hard verbased in the market has been somewhat the market has been somewhat with a highly automated bank for the big car manufacturers, both as motor racing does such as short form dialling, call of specialist and general new services such as short form dialling, call of specialist and general new services such as short form dialling, call of specialist and general new manufacturers, both as manufacturers, been somewhat with a highly automated bank for the big car manufacturers, both as PR and to advance the frontiers of technology.

It is the role of cable in the services such as short form dialling, call of specialist and general new match as services, access to a wide range such as short form dialling, call of specialist and general new match as such as short form dialling, call of specialist and general new match as services, access to a wide range such as short form dialling, call of specialist and general new match as services, access to a wide range such as short form dialling, call of specialist and general new match as the provider as imited number of standards. From the user view as short form dialling, call of specialist and general new match as services, access to a wide range such as short form dialling, call of specialist and general new match as such as short form dialling, call of specialist and general new match as such as short form dialling, call of specialist and general new match as such as short form dialling, call of specialist and general new match as such as short form dialling, call of specialist and general new match as such as short form dialling, call of specialist and general new match as such as short form dialling, call of specialist and general new match as such as short or match as short form dialling,

Several administrations bave introduced special data services which are clearly forerunners to the ISDN capability, while separate trial systems are being established in a number of countries to gain both technical experience and customer response to tomorrow's tele-communications services.

In the UK the introduction

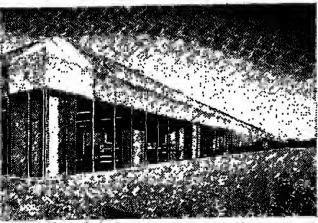
of System X digital telephone exchanges and high capacity digital fibre optic, coaxial cable and radio transmission systems is providing the basis for the evolution to ISDN. System X features which provide digital access for customers, with an advanced signalling system and appropriate call handling pro-cedures for voice and non-voice celures for voice and non-voice calls, have already been introduced by British Telecom in London for business users. As the Installation of System X exchanges progresses throughout the UK the facilities of this initial overlay network will be extended to other business centres. Services British Telecom proposes to offer its ISDN centres. Services Battish Tele-com proposes to offer its ISDN subscribers include circuit switched data from 2.4 to 64 kbits/s, facsimile at 64kbits/s, teletex (high speed telex ser-vice), viewdata, private digital circuits, access to the packet switching service, slow-scan, and digital telephony.

But this is just the beginning. International standardisation

is far from clear at this stage to what extent international to what extent international standards will be agreed and implemented. It is also far from clear if and how the emerging wideband cable networks being planned initially for cable TV will impinge on the traditional markets of the releasement of the selections. telecommunications administra-tions if they begin to offer voice and data services. There are to be overcome, not so much at the basic research level but in developing equipment and sys-tems at a price that is both attractive to the user and offers sufficient return to the administrations. Price is crucial, for to succeed ISDN-related services have to be attractive and to be used by the mass residential sub-scribers. That market still has to be convinced that there are alternatives to the postman and the newspaper delivery boy. The public switched tele-

phone network has been allowed to evolve over more than 100 years in a period of relatively slow technical change and now provides a relatively efficient world-wide service. The integrated ser-rices digital network, in a period of rapid technical change and the convergence of telecommunications and com-But this is just the beginning puter technologies, has at the of signalking protocols is important to avoid, or at least minimise, the conversion necessary at international gateways represented in the puter technologies, has at the very least, to emulate the success of the telephone network, and to do so in about one minimise, the conversion necessary at international gateways

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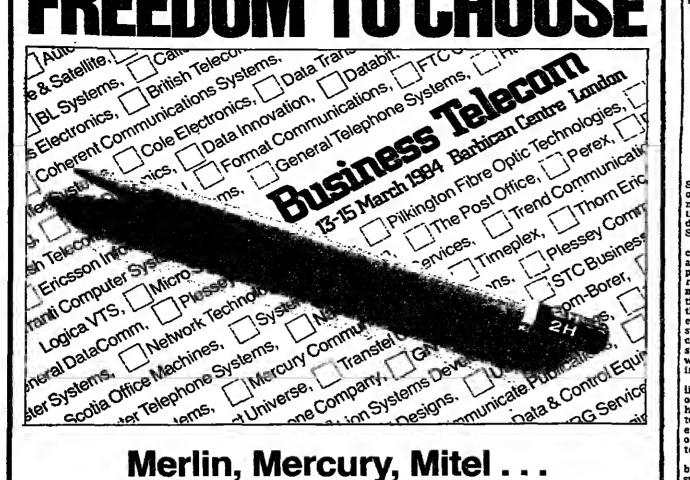
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WORLD TELECOMMUNICATIONS XXII

Spy satellites are the most advanced arm of defence communications. Michael Donne reports on developments in Britain and the U.S.

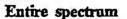
Britain's Skynet IV launch via the Space Shuttle...

SOME TIME in 1985, the first of a new generation of British military defence communications satellites, Skynet IV, is due to be launched by the U.S. Space Shutle.

Space Shuttle.

Bullt by British Aerospace in conjunction with Marconi Space and Defence Systems, the present two satellites envisaged represent the latest development in UK defence communications techniques, embodying the most modern and secret, equipment that will ensure a substantial improvement in communications between British ships and land and edr units ships and land and oir units world-wide and their bome base in the UK.

Britain bas had military satolites before, but the Skynet IV—
of which virtually no dotails
have been released—is likely
to be sufficiently advanced to
enable Britain to keep shear enable Britain to keep abreast of this branch of military technology for years to como. So advanced will these craft be that, according to a recent submission from the Pentagon to the U.S. Congress, the U.S. Air Force and the UK Ministry of Defeoco are drafting an agreement which would aflow the U.S. to use part of the Skynet IV system in peacetime and in war. Both Skynet IV satellites will be launched by the Space Shuttle.



The new satolites are only one indication of the revolution in communications that is sweoping through the defence estab-lishment, in response to the in-creasing pace of technological development across the ontire spectrum of military activities.

With the ducreasing deploy-meet of guided missiles, beth conventional and nuclear, the entire pace of modern warfare itself has increased dramatically, requiring an equally substantial improvement in direct com-munications to enable com-manders in the field, as well as airborns forces and ships at sea, arborns forces and ships at sea, in the event of enemy damage, to keep obreast of, er even ahead of, battle developments. In its broadest definition, defence communications covers the entire spectrum of links between the fighting forces and their home bases, and helveen individual unit or ship and aircraft commanders, and their frequency to microwaves. Immediate compatriets. The while the equipment needs need is for very high-speed, range from small hand-portable transcrivers and coherent links transcrivers through to compatriable transcrivers through to compatriable transcrivers. that are sufficiently robust te



A satellite leaves the cargo hold of the Space Shuttle: a dramatic impact on defence communications for the Western world

well as being resistant, to onemy efforts to disrupt by jamming or other ferms of direct attack.

These demands have spawned already a major new generation of radio communications sys-

Examples include the Ptarmi-gan trunk communications sys-tem now entoring service with the British Army of the Rhine, which provides comprehensive and resilient area communicatiens, with automatic rerouting in the event of enemy damage,

surmount the rigours of modern and netwerks, both static and of the electronics managed warfare, and capable ef operation under all conditions of lite earth and ship terminal in areas ether than direct complexes.

represent "spearhead tech-nology," in which the demands of the military establishment result in the research and eventual production of equipment that can eventually have civilian uses. But the traffic is not all one way. Much of the know-ledge gained in the past in the development of civilian com-munications satellites, for ex-ample, is being applied to the latest Skynet IVs, and often research into new communications techniques can have direct applications in both the civil

and military fields.

All this costs a great deal of money. While the electronics companies spend much of their own cash on research and develepment programmes, they are alse substantially supported

plete radio broadcast stations and netwerks, both static and of the electronics industry. 31 gramme. The White Paper

This year's Defence White Paper showed that combined total spending in 1983-84 on defence electronics, data processing equipment and other electrical engineering would amount to over £1.4bn, or close to ene-fifth of the procure budget

While much of this cash will be spent on a wide range of electronic items other than direct communications equipment — such as guidance sys-tems for missiles of all hinds, radars for target acquisition and other purposes, navigational equipment, guinery control systems, and electronic counterwill be spent on direct com-munications equipment.

... marks growing scale of Western surveillance

THE U.S. Space Shuttle (or layed from space to mobile Manned Reusable Space Transground stations close by. Manned Reusable Space Transport System, to give it the full title), is likely to effect a dramatic revolution in defence

For this purpose, "communi-cations" are being interpreted in their widest possible sense that is, not just the provision of a communications satellite launching capability for Skynot IV and any future U.S. defence communications satellites, but communications satellites, but also for the regular surveillance from space of what goes on below on Earth, with the resultant information being transmitted from the Shottle, or from the satellites it may launch, directly back to Earth for the information of, and action by the military estabaction by, the military estab-

This kind of communications capability is vital, for satellites are now capable of offensivo military roles as well as passive eoes, for example, carrying offensive weapons such as nuclear missiles.

Improvements

It has thus become necessary for the military leaders in the West to know virtually minute by minute what their potential adversaries may be doing. As a result, over recent years,

there has been a proliferation of "spy in the sky" types of satellite, undertaking 24-hourseday surveillance not only of what happens on the ground but also of what is being done by Soviet satellites themselves. A by-prodoct of this situatieo

A by-product of this situation has been a dramatic improvement in intra-space communications techniques, with both photographic and other data being capable of transmission electronically from the satellites (or the Space Shuttle) to ground stations for relay to the military commanders for interpretation and subsequent action.

It is likely to be only a short It is likely to be only a short step in time before this type of communications technique is translated from the strategic to the factical sphere, with com-manders in the field being able to see in an instant on TV

Such information would also be simultaneously available to the higher echelons of command behind the battlefield, so that

an instantaneous strategic picture would be kept con-tinuously up-to-date, thereby making it easier for the more senior military commanders to adapt strategic postures accordingly.

In this new olement in the

Potentialities

In this new olement in the overall defence communications field the Space Shottla will play a vital role. As a manned system, it will have a much greater versatility than conventional unmanned satellites.

The U.S. Defense Department the U.S. Detense Department has not been slow to recognise the potentialities of the Shuttle, and out of the hundred or moro launches planned between now and the mid to late 1980s, around one-fifth are allocated to the Department of Defense for a wide variety of Defense for a wido variety of

Although defence communica-tions satellite launches figure largely in those roles, it is be-lieved that more direct communications roles are also planned for some Shuttle flights, to test the efficiency of new, and as yet secret, surveil-lance and transmission techniques.

Applications

There are also some further, even wider, applications of defooce communications techniques that are envisaged for the Space Shuttle and for the communications satellites it may been arranged by hunch. It has been argued by the U.S. Air Force for some time that satellite surveillance time that satellite surveillance of air activity over a major battlefiold area—even on a regional basis covering a vast area, such as the Central Front of Nato on the Continent—might be even more effective than that carried out at present by such systems as the Airborne Warning and Control (Awars) aircraft or the Air De-(Awaes) aircraft or the Air Defence Cround Environmoot (ADGE) radar chains that already exist, giving early in-dications of enemy aircraft or screens in hattlefield command posis a complete picture of enemy ground dispositions as detected by satellites and re-

missile attacks.

The control of an air battle by means of satellite observa-tions of enemy movements being relayed directly to air-craft whilst in the air is already close to reality, requiring only an adequate number ef-satellites to achieve it.

These are not far-fetched, serious projects now under study in the U.S. military estabstudy in the U.S. military estab-lishment, with a view to maximising the benefits gen-erated by the new space surveillance and communica-tions capabilities of the Shuttle system. Laser long-range transmission techniques, and the development of mobile satellite system receiving satellite earth receiving stations on land vehicles as well as on ships, coupled with im-provements in short-range radio-telephony on the battle-field itself, seem likely to revolutionise military com-munications in the years ahead.

The three basic requirements of all defence communications systems are speed. reliability and coherence. Research into all three is un-ceasing, and the developments that lie shead seem likely to eclipse those that have

showed that such electronics companies as Fernanti, General Electric and Plessey Group all had over £100m from the defence programme in 1981-82-Philips Electronic and Associ-ated Industries, Racal Elec-tronics, Sperry and Thorn-EMI each had between £50m and \$100m; Cable and Wireless between £25m and £50m; and Cossor Electronics and Standard Telephones and Cables between £10m and £25m. While it is impossible to quantify precisely the amount spent or communitations equipment, it was never-theless substantially within the

overali figures. overall figures.

This spending can be expected; to rise in the years ahead. Not only will the overall volume of defence communications equipment nequired increase, but the increasing technological complexities of modern warfare will also generate new techniques—especially, for example, in the ever-widening field of electronic comper-measures (ECM) and electronic counter-counter

and electronic counter-counter measures (ECCM).

The need constantly to improve the reliability and integrity of what is called "Command Community these and Control" to keep pass what the enemy is doing is already one of the most vital aspects of modern warfare (as experienced in the Falkiands conflict showed clearly), and is also just as significant in peace

The research drive is fins likely to be unrelenting, and it can be expected that the "spinoff" to civilian use will also improve significantly once the needs of the military establishment have been use.



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WORLD TELECOMMUNICATIONS XXIII

High-speed approach to public radio-telephony

THERE CAN HARDLY have capacity but which is still under channel can be allocated to the and such things as service areas been an area of electronic development, Siemens has the caller. been an area of electronic technology that has undergone such a trauma of change in recent times as public radio-

In the UK, for example, in a littla more than a year there has been a Government announcement that two competitive cellular radio services will be sanctioned, followed by an intense period of media and industry discussion, the formation of several consortia, and finally the granting of licences to two of them with a proposed start-up date of early 1985.

Both consortia bave also chosen network equipment sup-pliers: Motorola is to provide an initial £20m of switches and transmitters to the British Telecom-Securicor grouping while Racal Millicom has amounced that it expects to buy £100m of network elec-tronics from Thorn-Ericsson. All of the mobila radio industry is expected to offer mobila units by 1985.

This welcome high-speed approach in fact bas been preceded by an incubation period extending back to tha late 1950s when Bell Labs came up with the "cellular" idea.

Cost-effective

However, only recent advances in fast computerised exchanges, together with radio-telephones that can be rapidly re-tuned by computer, have allowed such systems to become practical and cost-effective.

There has already been considerable progress in other countries. Scandinavia bas had an operational service (NMT) since 1981: there are others in Japan; the German C-900 system will go into public service next year, and there are two major trials in the U.S. that are about to be converted to commercial

Many systems have been on offer from manufacturers, foo. There is the original AT & T concept, AMPS (advanced mobile phone service) and a variant from Motorola called Dynatac which will be used in the UK by BT/Securicor. strength). The central computer Philips/Tekade have offered then knows which set of

development, Siemens has the caller. C-900 and NEC in Japan is The elephony. veloped the NMT system, will In the UK, for example, in supply Racal-Millicom.

Cellular radio will completely change the radiotelephone scene. The reason is simply that mitter per city" systems, the operating authorities (historicoperating authorities (historically, in Europe, the PTTs) have rapidly run out of radio channels. This is because they can be re-used geographically to a limited extent only and are small in number because of spectrum allocation policy. As a result demand always

exceeds supply and the price of these services remains high. To cover a large city satisfactorily the transmitter must be high powered to reach the edges of, say, a 25-milo diameter area. Then, bowever, it is likely

to interfere with other cities up to 100 miles away, making wide re-use of the channels difficult. With cellular techniques, tha total service area is divided up into several "cells," each with its own low powar transmitter and highly sensitive receiver.

Each cell has sufficient channels allocated to give a satisfactory grade of service (minimum waiting) but the key point is that the low transmitter er allows these channels to re-used in a second cell perhaps only a few miles away. The number of subscribers that can be accommodated can be easily increased 20-fold.

Each of the cell stations is land-line, connected to a switching centre which sets up calls to and from the public tele-phone network and also hands vehicles over from one cell to the next as they move about.

Typically, when the user lifts his handset and keys a number, the vehicle or hand-portable unit broadcasts a request for a voice channel using a special signalling frequency. The cell base stations monitor the signalling channels, enabling the central computer to know where the vehicla is (by comparative measurements of signal strength). The central computer

c-900 and NEC in Japan is actively seeking international fraction of a second wave actively seeking international fraction of a second wave business. Ericsson, which demoving from one cell to the business. Ericsson, will next the channel frequency may take place in changeover may take place in mid-conversation but is generally

not noticed. The AMPS system, on which with conventional "one trans- Motorola's Dynascan equipment mitter per city" systems, the is based, uses sectored directransmitting gerials. These enable it to address a particular mobile while sending less signal in other directions, ing the system capacity by reducing interference with other cells and permitting even

In the U.S., where trials are two or three years old, engineers are already consider-ing some of the problems that will arise if demand, as expected, rises dramatically

Immediate go-ahead

This is about to happen in the AT&T Chicago trial and American Radio Telephone Service, which runs the Wash-ington Baltimore system, has applied for immediate go-shead. At a recent London conference put on by Oyez and sponsored by the Mobile Radio Users' Association, Andrew Lamothe, Association, Andrew Lamoune, technical director of ARTS, said it was likely that even the lotest electronic switching units will be over-taxed by the 60,000 or so subscribers expected by 1987.

At peak times of the day tha system might have to carry out one switching transaction every microsecond (millionth of a ond). So it will probably be necessary to use distributed switching centres able to "talk to each other" in order to avoid In the UK, spart from the ecision that both will use

AMPS based systems, only limited operational data is available about the two services—a criticism made by Walter Stevenson, chaltman of the Stevenson, chairman of the Mobile Radio Users' Association. He believes that companies planning to spend considerable sums equipping their executives urgently need hard data probably during 1985, on mobile equipment prices,

nical director of the BT/Securicor venture, was at the con-ference in London and was able to give some idea of the stan-dards now being developed at the Department of Trade and

Industry. An important area needing development beyond that applied in the U.S. to AMPS is "roaming." It should be possible for any UK user to roam into areas served by the competing system. Furthermore, a British motorist, for example, should eventually be able to use his equipment in any other European country.
BT/Securicor and Racal Mills com have started talks on the

Apart from inter-system roaming, other interfaces are under active consideration. One is the "air interface" which covers both signalling across the radio path and the necessary performance parameters of the mobile units, allowing radios from different makers to give acceptable performance. Another is the connection between radio systems and the public switched network; there will be a ranga of options which can be used in negotiations between BT and the two

assure acceptably noise-frea conversations. Type approval testing is to be performed by an agency yat to be appointed and testing is expected to start in mid 1984.

operators. It will also be neces-sary to specify speech levels at the various interfaces to

Garrett thinks people might be getting the wrong impres-sion about the availability of the new cellular service in 1985. It will not immediately cover the whole country. "The enthusiasm to achieve this" be points out, "is necessarily tempered by the availability of manpower and money." Some 2,000 cells would be needed, rising to perhaps 10,000 if extensive coverage of the country is required.

So the services will start in London and will extend to Birmingham, Manchester and to the motorways connecting them,



Marconi's Marcryp case offers encoded telephone security worldwide-in a briefcase. It combines the speed of the telephone with the security of advanced electronic cryptography

Geoffrey Charlish discusses advances in teleconferencing' services

Face-to-face links come into focus

THE IDEA that people should be able to see, as well as hear, each other over a two-way com-munications link is almost as old as television itself. One of the first prectical manifestations was the experimental Bell Picturephono in the 1960s in which a tiny screen was assoclated with a telephone instru-ment and a miniature camera. While the concept is still a favourite with science fiction TV waters, in real life there are two barriers. One is that it is far from certain that in an ordinary phone conversation people actually want to see

The other is that the cost will probably always rule video out, even with the newer "band-width compression" systems that are now emerging. Public telephones with wideo, such as

costly and might well remain

However, for groups of highly paid people whose time is at a premium and who are accustomed to spend a good deal of their company's money travelling about the world, it might be a different matter. The world's travel agents estimate that the annual busi-

ness travel and entertainment market is worth \$600bn. As one communications company executive put it: "Just 1 or 2 per cent would suit us nicely.

Linked systems

On offer will be "tele-conferencing" systems in which geographically separated groups of people using linked TV systems can "meet electronic-

been available for some years but have not been as successful as was hoped, due mainly to cost and inconvenience-often the participants had to travel

BT bas had a teleconference-ing service, Confravision, since 1972, and engineering trials to France, Italy, West Germany and the Netherlands, where there are similar services, have been going on for some months using bandwidth compression

Trial services to Canada will be offered and service to the U.S. will be possible with either Satellite Business Systems (SBS) or AT & T, the latter using spare capacity on trans-atlantic cable TATS.

In February, Intelmet was launched—the first privately operated videoconferencing service run jointly by Intercontintal Hotels and Comsat General.

The resurgence of interest is due to developments in the key technical areas of bandwidth compression, public digital transmission at high informa-tion rates and in the "chip" technology that allows these advances to be realised at rea-

Bandwidth compression is a techniquo in which, by ignoring some of the information in each television picture frame, less

needs to be sent per second.

For example, if the picture is static, there is no change of data between one frame and the next. So once that frama has been transmitted, if could be stored at the other rand and be stored at the other end and not sent a second or subsequent times—so reducing the data

Until recently, these techniques tended to degrade the picture rather badly: if there was to be a worthwhile bandwidth reduction, not much motion could be tolerated in the picture.

These methods depend on being able to store each frame in an immediately accessible way for processing. So each picture element (pixel) in each of the 625 lines is given a of the 625 lines is given a digital code and stored in a

solid-state memory.
It is then possible for the electronics to "consider" the picture content in various ways. For example, it can compare each pixel with its counterpart in prevous frames (interframe processing) to see if it has changed (sending no data if it has not).

up each frame as it occurs into small areas, sending data at a lower rate for those that have small variances of picture content. For example, if one of the areas is completely white or black, very little data was a provided in which the slightly slower transmission of one TV frame (in a second or two) allows high definition drawings and diagrams to be sent while the conference continues.

The cost of such new services. Alternatively, it can divide up each frame as it occurs into or black, very little data need be sent to describe it. If it contains, say, part of the image

As the amount of motion in the picture increases, interframe processing can give rise to jerky, blurring effects in the received picture. Intraframe bas no such problem (since there it no frame-to-frame comparison) but can give rise to

less crisp, low-motion images.
In July, a Californian
company called Compression
Laboratories, in an algorithm
of its own, announced that it combined the two ment in the picture increased, there was no serious loss of quality. It expects most of its business to come from the U.S. but the announcement triggered off a response from GEC-Jerrold in the UK, which revealed it in the Dr. which revented it, had developed a similar "codec" (coding/decoding system) and was supplying 60 to British Telecom for trials.

The system was successfully demonstrated in a link between a BT studio and Phoenix, Arizona in September. A similar Arizona in september. A similar link will be set up soon between London and Los Angeles for the Third Annual Teleconferencing Users' Association, and another between Court and Another Lorence Court an between Geneva and London while Tolecom 83 is in progress.

Trials

The GEC-Jerrold devices will be installed in a number of locations in a nationwide and European trial. For the time being, these will make use of od hoc cable, optical fibre, or microwave connections from customers' premises. Ultimately it is planned to deploy codecs directly at the users' office or factory—when volume produc-tion drops their price and when

suitable capacity digital services are available.

BT expects to have about 50 privata terminals and the exist ing Confravision studios on the etwork by the middle of 1984. Sandra Neilson, responsible for marketing of the interna-tional service at BT, believes

there is now substantial interest in teleconferencing services in Enrope. She sees growing dis-quiet about the amount of cash being spent by company execu-tives moving about the globe.

As well as designing the transmission electronics, Com-

pression Labs and GEC-Jerrold have both developed compact studio equipment consisting of dual monitor and camera on a trolley that can be wheeled into any reasonably large room.

Apart from face-to-face con-

ferences, graphics facilities are provided in which the slightly

within the UK is yet to be revealed, but the half-way price In fact, such services have (intraframe processing). to anywhere in Europe, £225.

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Improved quality combined with falling costs have greatly improved potential, says Jason Crisp

Optical fibres make a commercial breakthrough

OVER 100 years after Alexander Grabam Bell examined the possibilities of transmitting speech using light the era of optical communications has

Telecommunications authorities around the world are now beginning to place large commercial orders for opical fibre systems for use in their trunk networks. Submarine cable systems are now on the verge of charging from cavial to of changing from co-axial to optical fibre.

Optical fibres bave been one of the most dramatic recent of the most dramatic recent innovations in telecommunications, second only to the digital revolution, of which they are part. Optical fibres are hairthin strands of exceptionally pure glass which can carry many thousands of telephone conversations in the form of very fast streams of light pulses. The commercial potential for

The commercial potential for optical fibre was discovered by two British scientists in 1966 at tions Laboratories in England. Since then there has been a worldwide race to make optical fibre a commercial proposition. The quality and technology of the glass fibre itself bas improved greatly and its cost is falling. At the same time there have been major steps forward in the opto-electronic tech-nology which produces the pulses of light.

Conventional

The result bas been a major reduction in costs which is making optical fibre cables competitive with conventional copper co-axial. Optical fibre has a number of advantages: It can carry very large amounts of information and data. A typical pair of optical fibres being installed at present can carry the equivalent of 2,000 telephone calls. • It is very thin and light-weight, which means cables are smaller and more easily and cheaply installed. Also more cables can be fitted in the crowded ducts in cities.

Optical fibre cables need fewer repeaters than co-axial cable to boost the signals. With the highest quality fibre repeaters can be 30 km apart using current technology. In a compact country like the UK. that means practically all warm dry exchanges.

Immunity to electro-magnetic and radio interference — par-ticularly useful for telecom-

munications cables in city areas where there can be problems of interference from, for electricity supply • Greater security as it is virtually impossible to "tap" an optical fibre.

• The bandwidth is greater which means more information can be carried. At present the world market for optical fibre systems is com-paratively small and the great majority of applications is in telecommunications. But as the costs of optical fibre and the associated electronics fall so the potential market dramatic-

Already optical fibres are uch more economic than paxial cable in trunk tele-

communications. Now telephone authorities are examining their authorities are examining their use in the junction network which links local exchanges and in many cases optical fibre is becoming economic. Eventually optical fibre will be cheap enough to connect up individual homes in the local network. Already many countries are looking at providing a wide range of services to the home via optical fibre cable. These services include cable television and audio, telesbopping and banking, video games, access to data bases and videophones.

Microwave

British Telecom is belleved to be the first telephooe authority (PTT) in the world to commit itself in 1981 to using only optical fibre in the trunk network from 1984 on. From April 1 next year all new cable in the UK trunk network will use optical fibre. By 1990 balf the BT trunk network will be optical fibre, about 25 per cent will be using coaxial cable previously installed and the remaining 25 per cent will be

Also in the UK, Mercury, the private sector network com-petitor to BT, is shortly to build ts trunk network using optical fibre. Mercury, owned by Cable and Wireless, BP and Barclays Merchant Bank, is to lay optical fibres alongside British Rail tracks in a figure-of-eight loop linking London, Bristol, Bir-Manchester

The world's first commercial monomode optical fibre system was commissioned in the U.S. by Continental Telephone of New York last month. (The first UK commercial mooomode link between Luton and Milton Keynes is doe to be commissioned this year.)

for optical fibre is developing. American Telephone and Telegraph (AT&T) is building a major optical link along the East Coast between Bostoo, New York and Washington, the latter part of which was opened earlier this year. AT&T has also launched 1,200 mile fibre-optics programme to link 10 U.S. programme to this to c.s. cities at a cost of over \$100m.
The programme will link
Philapelphia and Pittsburgh,
Pittsburgh and Cleveland, Pittsburgh and Antonio and Seguin, Atlanta and Charlotte and Greensboro in North Carolina.

MCI, the leading long-distance carrier competing with the leading long-AT&T, has ordered 62,000 miles of monomode optical fibre from Northern Telecom, the telecommunications Canadian supplier, worth between \$50m and \$100m. The fibre will be used in 4,250 miles of cable in MCI's East Coast telecom-munications system. The cable will initialy be used to increase capacity between New York and Washington and will be laid alongside Amtrak railway

lines. Northern Telecom is also a major supplier of optical fibre systems in Canada, including the 3,200 km Saskatchewan Broadband Network which will provide major communications facilities including the distribution of cable television.

The leading suppliers of optical fibre for telecommunioptical nore for telecommunications in the U.S. market include Western Electric, ITT. Northern Telecom, Slecor. NEC. General Telephooe and Electronics, Valtec, Raytheon, Fujitsu and L. M. Ericssoo. Japan has announced plans

Japan has announced plans for a massive introduction of optical fibre systems over the next decade. Nippon Telephone and Telegraph is to instal a fibre-optic-based "Information Network System" (INS) which will connect the Japanese archipelago with telephone, data communications facsimile and image transmission, costing and image transmission, costing many billions of dollars. NTT has begun an experimental INS raa begun an experimental INS schemes in two suburbs of Tokyo. Leading companies include Fujitsu, NEC, Hitachi, Oki and Sumitomo.

One of the best known fibre-optic projects in Europe is the French plan to "wire-up" Biarritz. The plan is to connect Biarritz. The plan is to connect 5,000 homes. Households would be able to receive televiaion and radio, send mail to each other by facsimile and have access to data banks with a viewdata system. France'a first inter-city fibre-optic link covers just over 20 miles between Le Mans and La Fleche, which is being supplied by Compagnie General d'Electricite.

Showpiece

West Germany bas a nomber of fibre-optic schemes, of which the best-known is the BIGFON project providing television, telephone, data, graphics and other services to six cities: Berlin, Dusseldorf, Hamburg, Hanover, Nuremburg and Stuttgart. The main fibre-optic com-panies in West Germany include Siemens, Standard Elektrik Lorenz (part of ITT) and AEG Telefunken.

The UK has not chosen to establish similar show-piece communications systems such as Blarritz, BIGFON or the Japanese INS. British Telecom, however, does have a very small project in Milton Keynes wblcb links a bandful of bomes with television, viewdata and so on.

The technological lead in optical fibre technology is strongly contested between Japan, U.S., Canada and the UK, closely followed by West laboratories in these countries often compete to transmit along the stretch of fibre without using a repeater, the real lead is likely to be the result of demand. Already the U.S., Canada and

Japan, for different reasons, are indicating particularly heavy levels of demand. The demand is crucial because of the need to gain volume produc-tion which can dramatically reduce costs and increase international competitiveness. Britain's strength in optical

fibre technology is largely because of British Telecom's strong interest. BT's own research in the field, tegether with a strong purchasing pro-gramme, has belped British



Jan Harison (above, left), a technician at British Telecom's research establishment, compares the size of the new lightweight optical fibre cable with the old-style co-axial



Corning opened a brand new ing ANZCAN, the link between CGE. factory in Deeside to produce optical fibres. BICC is a licensee of Corning of the U.S., the world's leading producer of fibre technology to keep its optical fibre. The joint venture dominant share of the undersea will also win the lion's share of nology has to be developed so their transmit the contract. But STC and Sub-that a single satellite can have Direct broadcast satellite. called Optical Fibres. The new factory, which cost £17.5m, is probably the most modern optical fibre factory operating in the world. The current capacity is about 60,000 km a year but is capable of being year but is capable of being easily increased to 100,000 km. At present the great majority of output from Optical Fibres' factory goes to British Telecom. Plessey, one of Britain's leading

ing telecommunications sup-pliers, works with BICC and supplies the opto-electronic devices in joint bids with BICC. GEC and STC both produce fibre and the opto-electronic

equipment. Standard Cables' first interest in optical fibres is their use in undersea companies, including Standard cable systems. STC has about Telephones and Cables, GEC, 60 per cent of the available BICC and Plessey.

Earlier this year BICC and systems and is currently buildcable systems. STC has about 60 per cent of the available market for undersea cable

Australia and New Zealand and mitted earlier this year and Canada. It is crucial for STC adjudication is imminent. As

Attractions

Economically, optical fibre is potentially very attractive in submarine cables because of the distance between repeaters. Submarine systems have a design life of 25 years and the repeaters are built to a very high and expensive specification to meet this requirement. With optical fibre cable the number of repeaters can be cut substantially: the problem is that the technology is not proven, in that it has not yet been in existence for 25 years.

The battle is now on for sub-marine systems using optical fibre. The major order is TAT-8, the next trans-Atlantic cable, which is due to come into service in 1988. The bidders are AT&T, STC and Submarcon, a subsidiary of the French group important.

moreon are also expected to win significant orders.

STC is also bidding, and expected to win, the first international undersea cable link. This will join UK and Belgium, with links on to West Germany and the Netherlands. The contract, worth between £7m and £8m, will come into operation in 1985 and provide a capacity of the equivalent of 12,000 telephone. phone lines There are over 100 companies

worldwide which are competing for part of the fast-growing market for optical fibres. At the moment most applications are in telecommunications but others, particularly defence, are also developing quickly. Most observers believe there will be a shake-out in the industry, which makes the rush for share even

Improving the communications capacity of spacecraft has become

a top priority, reports Elaine Williams

Trend towards ever-larger satellites

ABOVE THE EARTH, a number of tiny busy bee-like satellites signals from the ground stations circle the globe. Their job is are at 6 GHz. As the trend is to pass telephone conversations, to cram even more channels on to personal and business, combine each satellite so these

earth to another.
Satellites are now an important part of the world's long-distance communications network vying with cables for the business and home telecom-munications market. While cables may have a life of 30 years or more, satellites remain in their orbit for about seven years before either running out of power or being superseded by better craft. For the satellite builders the aim is to cram more circuitry on the spacecraft to handle great amounts of tele-communications traffic.

In theory, satellite communications are very simple. Aim a radio beam at a tiny spinning craft some 23,000 km above the earth. At this height the satel-lite rotates at the same speed as the earth and therefore re-mains over the same point on the earth's surface. This means that 24-hour communications is possible between any two ground stations which can trans-mit to the satellite. Electronics on board the satellite detect the signal beamed from the ground, amplify it and retrans-mit it back to another point on the earth's surface. To give worldwide coverage only three:

worldwide coverage only large satellites are needed.
Unfortunately there is a limit to the number of satellites which can occupy the genstationary orbit. The practical limit is about 180 spacecraft at this distance from the ground.

organisation that operates com-munications satelline systems have for 109 nations, is the largest of user of the geostationary orbit. Since It has 15 craft circuiting the mit Its next generation of com-

nunications craft, now under construction by Hughes in the U.S. and costing \$1.5bn, is Intelsat VI. Each of these craft will weigh 1.7 tonnes in space and will handle up to 35,000 two-way telephone conversations. tions For comparison, Intelset's first satellite, Early Bird, launched in 1965, weighed a mere 39 kg and carried 240

Most of today's communica-

both personal and business, com-puter digital codes over vest frequencies are pusue distances from one point on the upwards requiring sophisticated technolo

For example, RCA's next models in the K series of satellites to be launched in 1987

satellites to be launched in 1987 will be operating in the 11 to 14 GHz frequency bands.

The trend in satellite communications is towards ever larger satellites in the geostationary orbit. British Aerospace is now well advanced with the development of L-sat (with the L standing for Large). This spacecraft is being built under a European Space Agency contract and the first launch is planned for 1984.

planned for 1984.

L-Sat weighs 2.3 tonnes and will have solar panels measuring 36 metres from end to end. It will provide 200,000 simul-taneous telephone calls beamed pioneer communications in the 20 to 30 GHz frequency range— the highest yet for any type of commercial satellite munications system.

largest contributors to this pro-ject—each providing some 34 per cent of the total cost of L-Sat. Italy in particular has a chronic telecommunications problem and hopes to add 150,000 telephone circuits between 13 cities with the new

Boundaries

-Much interest has also been shown in so-called direct broad-With increasing pressure on cast satellites. These also pro-long distance communications vide communications but of a large the description of the communications of the commun into people's homes viz small dish receiving aerials. In general, such

> · over · an mission of one country's tele-vision signals beyond its own borders where some countries have expressed objection to being bombarded by uninvited foreign signals. to overcome this problem. Satel-

higher power and special toured antennae so that national boundary of a country. These contoured antennae allow full coverage over a country but the signal strength falls of tions satellites operate in the the signal strength falls 4 GHz band to transmit sharply outside its boundary.

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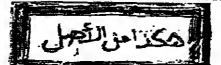
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WORLD TELECOMMUNICATIONS XXV

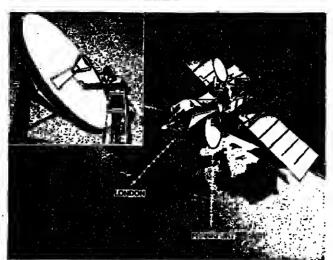
How the FT transmits full-page reproductions from London to Frankfurt



simile machine (left) in the London office of the Finanquality reproductions of the London pages to Frankfurt for the paper's international

The system uses a 48 KHz wide-band British Telecom circuit and has been in successful operation for nearly five years. During this period no pages have been lost through technical reasons.

Right: pages have also been transmitted to Frankfurt by satellite from Lendon. This experiment was set up in association with British Telecom and West Germany's Bundesposte using the European orbital test satellite.



The modern exchange is starting to look and behave more like a computer. Jason Crisp explains

More powerful role for PABX

THE ONCE-HUMBLE private automatic branch exchange —PABX—is rapidly emerging as one of the most important elements in the electronic, automated office. Exchange many more features through its computer control. Many of these features, previously sold as extra facilities.

Where there were once a handful of manufacturers of PABXs, there are now dozens. And while the PABX market has been one of the strongest growth areas in the fast-growing field of telecommunications, there have digital—as their main function already been a number of casualties.

of the changing role of the PABK has been the close relationships that have been formed between telecommunications manufacturers and compnter companies this year:

Garrier Williams

The most significant is Inter-The most significant is inter-national Business Machines (IBM), the world's largest com-puter group, and Rolm, a fast-growing Californian telecom-munications group. In the sum-mer, IBM hought a 15 per cent stake in Rolm for \$229m and an option to increase its stake up to 30 per cent. (IBM had, until that point, been working with Mitel of Canada to develop a range of office systems around its SX2000 exchange.)

Rolm had already formed technical links with Digital Equipment, Johnson Controls and Hewlett-Packard to link

One of the key indications Ericsson, the leading Swedish telecommunications group, to develop products integrating voice and data communications. • Joint technical agreements

inter-connection of PABXs and computer equipment between Northern Telecom and Hewlett-Packard, Data General, Digital Equipment and Sperry. ● ICL, the largest British-owned computer group, is to sell Mitel's new large digital PABX which will become an important part of its own move into office automation. Mitel also has a technical agreement with DEC to develop a PABX to computer interface.

Breakthrough ·

The modern PABX is increasingly becoming to look and Equipment, Johnson Controls and Hewlett-Packard to link various computers, terminals and building controls via its cBX family of digital exchanges.

The U.S. computer and controls group, has set up a joint venture with LM behave like a computer. The companies are competing to breakthrough came in the U.S., more than 20 companies are competing to supply PABX systems including with the introduction of stored program control (SPC). The advantages of these exchanges phone and Electronics (GTE), have a second generation and in the U.S., more than 20 companies are competing to supply PABX systems including with the introduction of stored program control (SPC). The Mitcl. Rokm, NEC, General Telemont and controls group, has second generation and controls group. Last they were easy to companies are competing to supply PABX systems including with the introduction of stored program control (SPC). The Mitcl. Rokm, NEC, General Telemont and controls group and Electronics (GTE), have companies are competing to companies are competing to supply PABX systems including at a different program control (SPC). The Mitcl. Rokm, NEC, General Telemont program control generation in the U.S. and the U.S. and the U.S. are companies are competing to supply PABX systems including to supply PABX systems including to supply PABX systems including to supply PABX systems are competing to supply PABX systems including to supply PABX systems are competing to supply

have become the standard facilities on a modern ex-change. The exchanges them-selves normally use analogue was to carry and switch voice

Most electronic exchanges in use are still second generation equipment. But a number of these exchanges have been substantially modified to improve their ability to handle data.

The so-called third generation PABE is digital and is designed to carry voice and data communications and can link a terminal with any computer. The advantage is that data can be carried without conversion into analogue. It means data communications on a site can be made via the already installed telephone lines.

One of the results of the liberalisation of the U.S. market, and the growing importance of the PABX, has meant a number of new com-panies have entered the field. In the U.S., more than 20 companies are competing to supply PABX systems including

system and is to continue to offer it in spite of Rockwell's withdrawal.

developing the so-called fourth generation PABX which uses distributed processing and is a wide-band switch.

Mitel, the 10-year old Canadian group which bas made a major impact in the U.S. and Europe with its low cost

networks and packet-switch --After working with Mitel for nearly a year, IBM pulled out of the joint relationship when it bought its equity stake in Rolm. Little secret was made Two companies however have recently dropped out of the field after failing to make a significant impact on the U.S. market. Datapoint, which in 1981, announced an impressive (fourth generation) exchange which appeared to be child. of IBM's irritation at the delays in producing the SX2000.

the U.S. and UK.

which appeared to be able to integrate local area networks, recently withdrew from the market with negligible sales. Wessoom, part of Rockwell, has Limited form Mitel now says the SX2000 will be produced in a limited will be produced in a limited form this Autumn for ICL to install in the UK for technical approval. Full production is not expected until next spring with deliveries of the full system beginning after April in the ILC and ILC. also withdrawn from the market having sold about 200 systems.

Ironically the Rockwell exchange is to be sold in the UK by Philips; the Dutch electrical group, which took out a licence before the U.S. group decided to oull out.

The difficulty of developing advanced digital exchanges is also shown by the fact Philips was unable to develop its own digital PABX in time to meet the comparatively slow liberalisation of the UK market. Philips has adapted the

Wesscom exchange for the British telecommunications

British Telecom was the monopoly supplier of all exchanges of under 100 lines. distributed processing and is a wide-hand switch.

Ideally, such a PABX is totally non-blocking (ie, all lines and extensions can be used at the same time) and it can be fully integrated with local area of agreements it had reached to the same time. number of companies to supply large PABXs direct including IBM, STC, GEC (a licensee of Northern Telecom's SL-1), Plessey (a licensee of Rolm's CBX) and Philips.

The suppliers of small PABXs to BT are Plessey and GEC with the Monarch, TMC, part of Philips, and STC with the Herald and Mitel with its SX20 and SX200.

As a result of liberalisation, a number of other manufacturers are entering the market.
These include Plessey, with a
new exchange IDX which it
developed itself which is disputed by Rolm, STC, also with a new exchange developed by ITT, Harris, Ferranti-GTE, and ICL, with the late Mitel SX2000.

Worldwide, the PABX market is likely to become tougher and margins will be squeezed as a result of the number of com-Mitel is not the only company to suffer problems developing a large digital exchange, Rolm itself was much later than originally intended with the large version of its CBX exchange. petitors in the field and the growing importance of the PARX as part of electronic office systems. And while companies previously sought to increase profitability on sales by offering additional software to give extra facilities a newer The liberalisation of the UK market has attracted a number trend is to supply peripherals such as advanced workstations. of suppliers of PABXs. Before the government's liberalisation took place the PABX market Their sophistication can vary was arbitrarily divided into greatly from a microcomputer two.

London's dockland is well-sited for expansion of telecom-related industries

Switch of gear for dockland

Europe's largest single area available for development, is adjacent to the world's most dense telecommunications mar-ket and thereby looks set to become one of the major centres of telecoms-related in-dustries in the UK.

An enthusiastic Development An enthusiastic Development Corporation, plus advanced plans for two large-scala satellite earth station complexes, and a joint Anglo-U.S. cable franchise application, together with existing information-based industries such as film and television production and publishing, plus activa interest from UK and U.S.-based telecoms service and manufacturing organisations, are combining to make Dockvide economical accommodation for the back office functions of major companies in the bank-ing, insurance and information are combining to make Dock-lands the natural centre for telecoms-related industries in

London.

By the end of 1984, both BT and Mercury plan to have operational earth atation complexes in the area. The BT facilities, to be located on the south side of the Royal Docks, will be used to provide leased television circuits, vis the European Communications Satellite (ECS) system, and broadcast television services via an Intelsat link to the headends of UK cable networks.

BT will also use the earth BT will also use the earth station to supply satisfream services to customers in the Docklands area who cannot ha readily accommodated by existing small dish antennae.

Within a year or two, BT would hope to expand their facilities to support a full range of business telecoms services on transatlantic and European

The Mercury earth station would be used to provide business services from the outset. High capacity links to North America via Intelsat V are planued for 1984 to be extended

planned for 1984 to be extended later to Europe and the Far East. The earth station would also function as a local distribution node, bringing Mercury's high capacity digital services into the heart of Docklands. Initially, both earth station complexes will be connected to their respective carrier's trunk networks by microwave radio links. At a later stage microwave links will be replaced by high capacity cable. The Mercury facility would be linked directly

DOCKLANDS, into the carrier's trunk network at single area access node in Central London Tha pattern which emerge from this type of development has many features in common with the proposed New York Teleport development; large-scale satellite earth station facilities linked by high capacity cable to a major telecoms mar-ket and located in a low cost area with sufficient space to pro-

Joint venture

The New York Teleport, a joint venture project between the Port Authority of New York and Merrill Lynch, builds on this pattern to provide an integrated satellite communications centre/office park in which accommodation is specifically designed to meet the require-ments of telecoms intensiva industries such as broadcasters. cable programmers, financial in stitutions and data processors.

The area is already host to a number of bigh technology related organisations. A prime example is the £10m Limebouse Studio complex on the Isle of Dogs. Limehouse bas been established to meat the programming demands of Channel 4, U.S. and UK cable and the video cassette and disc market. Publishing organisations with a major presence in the area in-

clude News International, a major shareholder in Satellite Television and the Daily Tele-graph which has recently agreed to build a new printing plant on the Isle of Dogs. One of Lime-house's major shareholders. Associated Newspapers is also considering a new printing plant in Docklands.

The Docklands area is also attracting the attention of alternative telecoms networks. For example, Channel 2000, a UK cable consortium, headed by Rohin Hill of Merseyside Cablevision and David Donoghue, marketing director of Lime-house Studios and Including U.S. telecoms company Western Union as the cable layer, has applied for an initial cable fran-thise for Tower Hamlets.

Michael Wiltshire

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- Direct Broadcasting
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- # Business Communications

British Aerospace is prime contractor for OLYMPUS family, the most powerful communications satellites yet, the first of which will be (aunched for the European Space Agency in 1986. British Aerospace is now well established as a world leader in the design, development and supply of communications satellites and their equipments. Apart from the prime contractor role in the ECS and MARECS programmes. British Aerospace is also supplying SKYNET 4 communications satellites for the United Kingdom Armed Forces and UNISAT sateilites for the direct broadcast of two TV programmes to British homes from 1986 onwards. The company has also played increasingly important roles in intelsat programmes and is currently the principal subcontractor for the Intelsat VI series of

BRITISH AEROSPACE unequalled in hypertechnology



Raymond Snoddy looks at a fast-growing sector

Data base services may grow by 20 p.c.

on line data base specialising the Middle East went live in London. On File has been set up by journalists, most of whom have been cor-respondents in the Middle East to provide what is claimed to be "the world's first electronically delivered interactive videotex system specialising in current commercial informa-tion on Third World markets." For an annual subscription

of £3,500, a client gets a view-data screen and hard copy printer, and unlimited access to information which ranges from the latest Middle East news headlines and profiles on deci-sion makers, to business oppor-tunities and "nitty gritty" details on such things as import/export regulations.

On File, which is backed financially by ICFC, formerly the Industrial and Commercial the Industrial and Commercial viable in the first place—such Finance Corporation, is tiny as packet switching—is beginnow with six clients including ming to cause pricing problems British Petroleum and Merrett for data base owners. So much

Mr Steven de Winter, On File's managing director, and former foreign editor of NRC Handelsblad, the Dutch husiness newspaper, believes the break-even point of between 150-200 clients will be reached relatively enickly. relatively quickly.

It is more, he says, than just form of electronic newspaper. A profile of an organisation's information needs is taken at the outset and the client can use his receiver to ask for specific information he needs. Up to a full man-day of editorial effort per request is included in the subscription.

A few days before On File went live, the Financial Times and ITT Corporation, formerly International Telephone and Telegraph, announced their intention to collaborate to provide an electronie news alert

puter, printer or telex terminal. In their different ways, both developments are illustrative of the rising interest, in the UK and the rest of Europe, as well as the U.S., in data bases where information is held in digital form and updated by computer techniques.

Mr Graham Lee, managing director of Geosystems, and chairman of the 50-strong British Association of Database Producers, believes the interest is accelerating fast, particu-larly this year. For the first time small and medium companies are beginning to use

Pricing problems

The very technology which made the electronic dissemina-tion of information financially Syndicates, political risk underwriters.

Mr Steven de Winter, On
File's managing director, and

Geosystems is now charging by the number of characters transmitted — between \$2-\$5. plus 50 cents communication charge for each thousand characters—which are of course counted by the computer.

Britain's tradition of publishing learned journals the English language and Lordon's importance as a financial centre have all encouraged the growth of the UK data base industry, Mr Lee believes.

Mr Lee believes.
"In terms of quality and value added we in Britain are world leaders," he believes.
Certzinly, in Europe, Britain has become the number one supplier and the largest single data base market. A recent report on data base service in Europe by Frost and Sullivan. Europe by Frost and Sullivan, the international consultants, estimated the UK data base market last year to be worth The joint venture will market last year to be worth of and other leading sources of business information. Subscribers will call up the information through any communi-

in the kind of information stored and how it is relayed to the client. The information for airline timetables and telephone directories, for example, is held on computer data bases but is then printed.

Market research organisa-tions like A. C. Neilson and AGB Research use off-line methods of distribution. The continuous survey material often comes in the form of magnetic tape which can then be run on the client's own

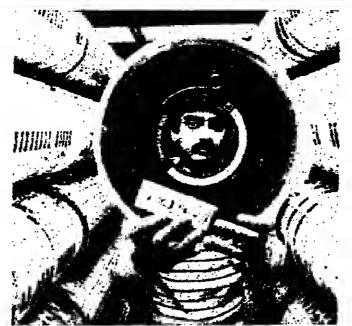
It is the on-line sector where the user is directly connected to the data base, often over a specially dedicated line, where the greatest growth bas come.

The provision of specialist financial and commercial information has been provided in the commercial information. mation has taken Reuters to the top of the European data base league in terms of earn-ings, and made the international news agency record pre-tax profits of more than £36m last

year. As expected stock market flotation could value the company at around fibn. Among Reuters financial services are the provision of money market dealing terminals which allow currency dealers to make contact in under four seconds, and negotiate and finalise deals

On a smaller and more contemplative scale the success of Reuters has been matched by the rise of Datastream, the City of London-based company which offers clients the ability to carry out their own

Data is kept on 5,000 eco-nomic indicators for the leading economies. clients can use Datastream desk top terminals to carry out their own analysis on such topics as stock market performance and portfolio valuation. Turnover



TOP 20 SUPPLIERS TOP 26 SUPPLIERS OF DATA BASE SERVICES By 1982 revenues (Europe, all sectors)

Renk		Market share	Rank	Supplier	Mari shar %
<u> </u>	Reuters	17	11	DRI	1.1
_ <u>2</u>	A. C. Nielsen	15	12	GFK	1.0
3	Dun and Bradstree	12	13	Derwent	6.9
	AGB Research	5	14	XID4:	8.9
5	Telekurs	3	15	CISI	6.8
-6	VWD	3	16	I. P. Sharp	0.8
7	Extel		17	AP/Dew Jeacs	6.7
-8	UAPT	2	18	Dialog	4.7
9	Datastream	2		ORA	6.5
10	Reed International	1.8	26	DAFSA/KOMPASS	0.5
				Source: Frost and St	illeria.

Left: Some of the thousands of reels of magnetic tape stored at Baric Computing's complex at Feltham, Middlesex

Ways of cutting phone bills

Geoffrey Charlish says more

attention is now being

A RECENT study by the UK Treasury stated that central government telecommunica-tions costs for 1982-83 were expected to exceed £200m, of which half would be spent on which hair would be spent on call charges, about 40 per cent on the purchase and rental of telephone exchanges and some 10 per cent on private circuit rental for the Government telecommunications network which links 600 effects in the which links 600 offices in the UK.

In industry and commerce, too, phone bills for large multi-location companies can easily rum into millions. The problem has afflicted many growing companies that have made piecemeal expansions of their telephone and telex networks. By simply adding lines and exchanges on an ad hoc local requirement basis, the network that gradually emerges can never be as cost-effective as one newly designed for the present size and state of the company and in the light of new technology.

In addition, over the years more and more employees need or expect to be provided with a telephone and to be able to use it freely. Today, when it is as easy to phone Sydney as Sydenham, escalating phone bills can be a significant drain. At a rather basic level, bars " can be put on PABX

given to new systems that can cut network costs

however, managements seldom knew which employees used their phones most and what the call destinations were. Then companies such as Minster Automation, Interscan, Systems Rehability, Bunzle, Piney Bowes, Norex, Auto-matic Switching, Datapoint and others began to offer computerbased monitoring systems that could provide complete statistical data about the use of every extension on the ex-

The early equipments were somewhat cumbersome and not always easy to use. Minster Automation's original "Tiger," for example, launched in 1972, used magnetic tape for storing the required data and was

is a simple screen and keyboard

housed in 19 in racking.

The latest machines use microprocessors and compact extensions to prevent international, or even national disc stores and sit on a table
dialling access. With modern
electronic PABXs, applying or
changing the level of these bars

generation changes—the Plessey IDX

Until about 10 years ago, These systems scan each of the extension lines at intervals of a few thousandths of a second so that If one is .aken off the hook the system immediately registers the fact. It then records the number dialled, duration of the call, time of day, date and any other desired data, all of which is stored and can be manipulated into many kinds of presentation that can either be seen on a screen or printed out. The con-versation itself is not, of course.

Savings

Originally these systems were aimed at large-scale PABX users where savings of 20 per back times in the two-to-three year spread. In recent times, though, the Idea has moved down market into the under 100

phone users to keep an eye on how much they are spending. Under-the-phone units — from Monitel for example—monitor o call and tell the user how much be has spent at any moment. Savings in teleprinter opera-tion via store and forward message switching has been good business for companies like CASE and ITT. These have allowed an assortment of telex machines in various company. machines in various company locations to be rationalised centrally with a system that automatically routes messages in priority order, with auto-matic queuing. Increasingly, bowever, telex preparation and transmission are moving into the ordinary office from the "telex room," with what are essentially word processors. These allow the message to be perfected on-screen before a button is pressed for trans-mission. Considerable cost

savings can result. Optimisation of big private voice/telex networks is a prime problem for company com-munications managers. According to Dr John Hunter, who looks after STC's own networks, the thorny problem lies in finding out just how an existing network is being used.

It is worth time and attention because over the years the net-work may have been expanded to sult needs which really no longer exist because the company has changed direction (as STC did on its divorce from ITT). Hunter thinks monitoring

0 - 16 7 31:1

purpose than just finding out who is escalating the phone bills. If carried out at all the major locations with central reliation of the data, it allows overall network traffic to be measured and decisions made about chamies.

Several consultancies (Pactel for example) offer nervices that east three problems and will indicate the configuration type, size and contesfectiveness of a private network But the feture value of the result has to depend on the clarity of the communication manager's communication communication communication.

Crystal Ball.

Hunter, however, says that it is at least possible to decide on a design that will be as insensia design that will be as inneadtive to the fature as possible.
Money can certainly be saved.
Norwich: Union losurance, for
example, which previously used
the public switched network
extensively, inok the matter
seriously in 1980 and commisstoned Telephone Rentals to
link up the company's three
dozen or so offices. Savings of
the (then) Illion annual phone
bill resulted. The network has
five main switching centres connected by wide-band circuits
and they radiate further connections to their aurrounding
regions.

As technology and liberalisa-tion move on, more and more options open up. One is the tnevitable convergence of voice and digital data on to the same transmission network and later, the same switching systems. So networks that are at the moment separate—voice, telex and data —will in the long term be implemented as a unified whole. But it cannot happen until digital working is extended by the world's PTTs into the whole

This is beginning to happen with BT's Kilostream and Mega-stream circuits in the UK, which companies are already buying. says Hunter, with a view to integrating voice and data. Corresponding moves are

happening in switching as well, of which perhaps the most notable was the introduction by Pleasey of its IDX exchange in January,

This is a fully integrated digital switching system, it will allow voice, data, facsimile, viewdata, teletext and telex to be handled, together with any future services that will come with the amplementation of BT's integrated services digital net-work (ISDN), System X and Project Mercury.

monitored, since Pleasey sees network planning as "an area of key importance to the

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WORLD TELECOMMUNICATIONS XXVII





Above: Motorola's Dyna portable radio-telephone; British Telecom's Hawk cordless telephone (left) is a boon to anyona with a 'phone who frequently needs to move around—such as Mr Jeff Cook (seen here), of Walton Marine Sales of Walton Bridge, Surrey.

The portable handset is a short-range radio receiver and transmitter, complete with dialling pad. It has a ringing tone and signal light for incoming calls.

Wall St. holds its breath on AT&T divestiture bonanza

SOME TIME before the end of the year Wall Street is due to be given its first real chance to evaluate the oew U.S. regional telephone companies formed out of the break-up of AT&T and the starting bell will have been soonded for the biggest share split in history,

However Wall Street's job of evaluating new regional companies will have been mada considerably more difficult by the Federal Communication Commission's decision one week ago to change a crucial part of the divestiture formula.

The FCC created a new cli-mate of confusion over the effects of the break-up on the regional companies, long-dis-tance carriers and telephone users by announcing that it was postponing the introduction of access charges" until at least

Wall Street has been working on the assumption that the seven regional companies would quartar dividend payable on May 1, 1984, issue pro forma financial statements and 1984

earnings estimates. A few days later shares in

ITS at Telecom 83

ITS (International

Telecommunications

Services) has been

involved in the

international telecommunications business for the last 11 years and has established a fully integrated worldwide maintenance and support service. The ITS client list currently includes over 80 airlines, SITA (Société Internationale de Télécommunications Aeronautiques), several international banks, press agencies, multinational companies as well as government departments and ministries. ITS already has an established network of 51 maintenance sites in 24 countries and is continuing to add more sites every year. The Company employs over 250 highly trained technicians and engineers who are ready to move anywhere in the world, at short notice, to install and maintain vital communications links. ITS is able to install, maintain and support an entire communications system with contracts lesigned to meet each client's personal requirements—up to 24 hours a day, 365 days a year, worldwide. ITS services are truly unique. ITS provides complete maintenance and control of a system, no matter what the hardware mix, or the number of installations involved. This saves ITS customers hours (sometimes days) of frustrating faulttracking and blamesharing which arise

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companies are contracted to maintain a system.

where, in a standard

solution, several

The new U.S. regional telephone companies formed out of the break up of AT & T are generating a new sub-industry in their evaluation, says

Paul Taylor

the new companies are due to begin trading on a when-issued basis. But the actual stock split

ary at the earliest.

The basis of the share distri-The basis of the share distri-bution scheme is that for every 10 old AT&T shares an investor will receive one share in the new AT&T and one in each of the search paragraphy holding new AT&T and one in each of the seven new regional holding

The share split itself is generating a whole sub-industry on Wall Street and elsewhere. The task of sending out the new shares is massive. With almost lbn shares outstanding, one out of every 10 U.S. shareholders will be affected by the share split. Two-thirds of AT&T's 3.2m. shareholders own fewer than 100 shareholders.

Shareholders will be faced with a number of difficult and complex choices following the share distribution — some related to the terms of the distri-bution itself.

than 100 shares

A shareholder who owns fewer than ten AT&T shares shareholders. Almost all the at present will receive a cheque for the fractional shares of the regional companies. Salomon Brothers says about 17 per cent of all share accounts represent.

Shareholders owning between 10 and 499 shares have three choices. They can take all their is not due to take place until new shares and a cash payment January, and many of the comfor any fractional shares. They pany's 3.2m shareholders will can deposit all the new shares, probably not receive their new including fractional shares, in

> dividend re-investment plans. regionals but not in AT&T itself until April 15.

About 77 per cent of share accounts representing 30 per cent of all shares outstanding fall into this group.

Shareholders with more than 500 shares will receive the new regional shares and cash for any fractional portion and can then shares in e re-investment plan or buy or sell the shares through regular trading chan-

Small investors

its better than average yield and steady but until last week, un-exciting growth, Wall Street reasoned that these people tend to be cautious and con-servative—ideal candidates for a variety of mutual funds de-signed to take over an indivi-dual's entire AT&T bolding and manage it for him.

The primary advantages of such funds, as seen by the Wall Street firms, is that they mini-mise an otherwise cumbersome administrative task for the small investor while also main-taining the principal attraction of investment in AT&Tsimplicity.

Instead of receiving 32 quarterly dividends and facing the problem of ploughing through eight annual reports the fund investor will simply swap his shares for units in the fund and receive 12 monthly

An added attraction is that the scheme is tax free because it represents a swap but fund investors generally will have to pay a 1.5 per cent sales fee to the investment firm.

Many of the recently formed funds also offer additional faills including options to convert to managed broader-based telecommunications growth funds or to consolidate holdings around any of the eight companies an important factor since most share-holders are expected to have strong preferences for one or more regionals.

For many the funds, which become operational next month, may simply offer a breathing space before taking the plunge and deciding which analysist's advice to follow.

In the meantime the teletime. Almost every Wall Street investment firm has produced, or is about to produce, a report attempting to evaluate the prospects for AT&T and the regionals after divestiture. Another bunch of reports is of all share accounts representing about 23m shares fall into AT&T's shares are held by announce their dividends and this category.

The seven regional companies

THE NEW regional companies: the first commercial application and a business equipment and Nynex: bringing together New of a videotex system in converted the first commercial application and a business equipment and residential telephone sales subjunction with Knight Ridder newspapers in Florida.

Telegraph Company, is one of the most profitable regional covers five states; it has the company to report a most consistent record among the only company to report a the regional and the bighest number of five states.

It has a stable but extremely wealthy population, is not expected to be an aggressive years. Its territory covers 45 per participant in new business years. Its territory covers 45 per participant in new business cent of the U.S. which means phones, and is stressing that it will concentrate on picking the new businesses it will enter only on what it believes will provide the best return.

• Bell Atlantic operating in another slow growth area Bell Atlantic bas the lowest debt ration for the system, the lowest average investment per access line, and among the fewest employees per line.

The company is planning that it will lose e lot of long distance traffic but should gain a large volume of access charges.

The company which has alteracy formed subsidiaries to provide mobile telephone services, yellow pages and for wiring and maintenance which may also team up with cable companies making up the region are expected to be in the fore-front of cabla TV link-ups and Ameritech earlier this month introduced the may also team up with cable television companies and intended the may be into unregulated business ventures.

is examining joint ventures, acquisitions, and new ventures that would complement its existing service. Last month the company announced an agree-ment with NEC to market its advanced Near 2400 PBX. • Bell South: the largest of the seven regional companies and has the reputation for embracing new technology with "reli-gious fervour." With the fastest growing population the com-pany also has the highest return on equity and capital within the system.

companies and has invested most consistent record among the regionals and the highest incloding optical fibre.

incloding optical fibre.

It has a stable but extremely expected to be an aggressive

employees per line.

The company is planning an aggressive diversification strategy. Bell Atlantic says it service in Chicago. Southwestern Bell: the new

regional company comprises latory environment. As a result, just the one Bell operating it has been one of the least-company and is expected to experience the least disruption to its corporate structure. Another fast-growing region focused on Texas. Profits in the past have been limited by an be one of the quickest to diver-unfavourable state regulatory sifv. environment although this is Mr Donald Guinn, the chair-

expected to improve.

Mr Zane Barnes, who was elected chairman at the inaugural meeting earlier this month, bas said be intends to The company plans to concentrate on the telephone trate on "just meeting the business rather than diversify-demands for voice and data mg. Southwestern will have communications." It also boasts yellow pages, mobile telephone concentrate on the telephone business rather than diversify-

highest number of lines served by electronic switching and is the only company to report a return on equity over 11 per cent for all of the past six years. Its territory covers 45 per cent of the U.S. which means

in the past from rapid growth coupled with a difficult regu-

The company is expected to

Mr Donald Guinn, the chair-man said receotly: "It is our intention to have e whole array of separate business and profit Mr Guinn is also confident

that the regulator environment

Paul Taylor



Five yaara ago the Kingdom of Saudi Arabia launchad en ambitious program to extend and improve its national telecommunications system.

Today, the objectives of the plen have been exceeded. The systam has grown faster than env other national telecommunications network, while the quality of services has improved dramatically.

Recognizing that mora than high-quality, ultra-modern equipment was needed, the Saudi Ministry of Post Telegraph end Talephone called upon Bell Canada'a century of operating experience to orgenize, oparate end managa tha fast-growing systam. Today, the system is as advanced es any in the world.

Ball Cenada's experience has been gained in Canada and eround the world. Founded just six years after Alexander Graham Bell invented the telephona, in Brantford, Canada, the company now operates more than 10 million telephones, and over its vast network move data and video signals as well es 14,000 million telephone conversations annually.

It serves larga metropolitan centres, small towns end rural ereas, from the paach-growing region of Southern Ontario to the ice-bound Arctic, ovar e territory lerger than Western Europe.

In the international aphara, Bell Canada International has auccessfully completed contracts in more then 50 nations on five continents. In 1982, it was involved in 55 projects in 28 countries.

This consulting arm of the Bell Canada group of companias provides consulting and management services; undertakes turnkey projects; assists in the plenning, organization, oparation and maintenance of telecommunications systems, and provides training for telecommunications

Ball Canede International's clients include both public and privata telecommunications organizations, special common carriers and defence organizations.

Among the Arab nations, Bell Canada Internetional has sarved Algeria, Iraq, Kuwait, Lebanon end Saudi Arabia. Currently it is providing modern digital switching systems, maintenence and training for Iraq. It is also involved in talecommunications developments in several African nations, In Trinidad, Colombia and Venezuela, and is providing axpertisa in digital technology for clients in **Europe end the United States**

For many nations, Bell Canada International is the indispensable factor in the development of telecommunications systems.

Bell Canada International

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Key bx handles up to 28 trunks and 64 extensions. Its functions include on-hook dialing, two-way hands-free intercom, speed dialing, message-loaving with automatic callback, single-key 5-party conferencing, and 23 other significant features.

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Ovnet Karmon Shifrini Natamen

The technology being installed is making possible services of a speed, capacity and reliability not seen before

Pace of change for banks is quickening

CASH MAY be the lifeblood of the banking system, but the telecommunications lines which span the globe are

Every working day, billions of pounds expressed in every currency imaginable, move between banks, their branches and their customers as a series of electronic

pulses travelling along telephone lines.

And this is only the beginning. All the world's major banks are gearing up for a future in which the face they present to their customers will be simply a video screen in the customers' own office.

This screen—it could be a professional computer or a viewdata television set-will allow customers to delve into the banks' own computers for the financial information and facilities they require.

The amounts of money the banks spend on telecomunica-tions and data processing is enormous. In 1981, Chase Manhattan, admittedly one of the leaders in electronic banking, spent some \$200m on data pro-cessing. By 1983, the annual allocation was \$335m, a 67 per cent jump in two years, broken down as \$102m for development, \$38m for maintenance and enhancement and \$195m for the actual running of the

Ms Elaine Bond, senior vice-president at Chase for corporate systems said in London recently: "The specific areas being de-veloped as part of Chase'a major systems thrusts are united by a common theme: to ensure that our customers and employees throughout the world ss, exchange and manipulate data in the most cost effective way possible."

She went on: "The applica-tions projects number in the hundreds—they include management information systems, elec-tronic mail plus additional thrusts for plant modernisation such as the new treasury dealing room in London and our of automatic teller

"We are working on a global anagement information systems programme that will allow us to analyse data and provide information for management and regulatory reporting for commercial customers,

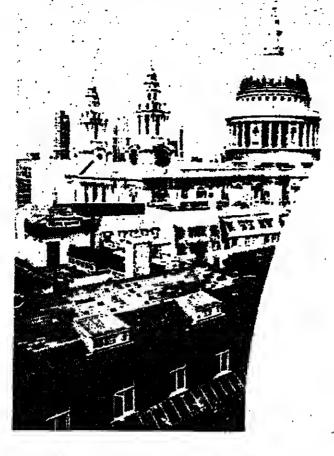


ever, to assume that the banks are relative newcomers to telecommunications. Telephone, phone, telegraph and most important, telex, have long provided important communica-tions channels for the banking

quickening. Mr Philip Hughes, chairman of Logica, a presti-gious UK-based systems com-pany with extensive experience or marcial data communica-tions told a recent European Financial Marketing Association (EFMA) conference: "Of all the technological developments, the change in the communica-tions environment is the most

important for the banks.
"While the familiar fixed leased circuit networks of the banks will remain the mainstay of branch banking networks for some years to come, the advent of new technology and new services both between sites and within offices (local area net-works) will lead to major changes.
"The first major change is "The first major changes."

means of providing much higher bandwith, that is greater He went on to say: "Side by



Europe to establish what they call an Integrated Services Digital Network (ISDN). This will allow for very high reliability, bigh speed switching of digital circuits between subscribers."

318,000 transactions were monitored.

Dramatic

So the technology is being slotted into place to make pos-sible banking services of a sible banking services of a speed, capacity and reliability not seen before. How will this affect existing services?

The most dramatic use of telecommunication by the world's banks in the last decade is arguably the emergence of SWIFT, the Society for Worldwide Interbank Financial Telecommunications. Neither, bank nor telecommunications carrier, SWIFT links its members through specially designed data processing and networking equipment.

Its purpose is to provide auto-mated international transaction processing and transmission ser-

There are now some 900 mem-ber banks in 39 countries; peak traffic was recorded in December 1981 when on one day,

swift is not the only such mechanism, however. The major banks are installing their own global datacommunications networks of the sort that Elaine Bond has described. In New York, city clearing is bandled by the CHIPS system; in London trails of the chips of the chips system; in London trails of the chips of the chi don it will soon be the pro-vince of CHAPS.

of the society's problems is that the international banking community tends sometimes to think
of Swift in opposing ways. There
are banks that accept the conception of Swift as being purely
an international payment. an international payments processing system.

"Although the processing and transmission of payments trans-

"On the other side there are banks that adopt an excessively broad conception of Swift as being the ideal mechanism for resolving almost any imaginable international financial processing and telecommunications problem."

Challenge

Mr Reuterskold argued that Swift must take the middle way: "The challenge for Swift is to seek and maintain a balance by the CHIPS system; in London it will soon be the pro-between different technological developments, changes in bank-ing and financial requirements in different member banks and general manager, is well aware member countries and various of the apparent conflict: "One development in private bank development in private bank systems, national systems and emerging public systems."

The range of telecommunications-dependent systems being built by the banks ranges from the branch processing networks where a number of terminals or personal computers within a single branch are linked quarters machine to the massive systems established for world

is the way of the future for the big banks and their corporate customers. Pioneered by Citibank, it means the installation of a video terminal in a corporate treasurer's office so that the treasurer can examine his cash balances in every account world-wide, analyse his

Los Angeles: in the City, (left), overlooking St Paul's Cathedral, is one of the 80 Harris microwave antennae installed on the capital's rooftops under a film contract for British Telecom. The 19 GHz transmitter

about investing surplus funds. As an activity, it is hardly new; corporate treasurers have always been judged by their skills in juggling their balances. What is new is the speed and efficiency of systems like Citibank's Citibanking, Chase's Infocash and Bank of America's Bamtracs.

exposure and make decisions

For some banks—Citi is the bylous example—only a obvious example—only a privately leased network of lines will do. Others use proprietary networks owned by major computer services companies like Gelsco or ADP. obvious

Elaine Bond of Chase said: "Chase's wholly-owned sub-sidiary, International Data Cor-

computer. Each morning with just the filek of a switch, the client can see at a glance his daily financial position with one or several banks. "Previously, getting this in-

tormation required rellance on time-sharing terminals, tele-phoning each bank individually then manually performing the calculations."

Telecommunications is also the key to personal banking for the retail customer whether through viewdata-type systems where the domestic television set and domestic telephone are linked to a central computer file carrying details of the customer's account, or a domestic personal computer.

Cashless society

In the U.S. Chemical Bank, well to the fore in home banking experiments has now launched its system "Pronto" which uses domestic personal computers. In Europe, a number of Ger-

nother important Italian contribution to the development of world commun.

mation systems and home shop-

receivers are being used in MTs City Over-iay Network for both telephone and computer data traffic.

Above: a Harris microwave installation on top of the Crocker National Bank, over-looking the Los Angeles skyline.

What is arousing most interest at present, however, in the UK at any rate, is the prospects for the installation of a nationwide electronic funds transfer system at the point of sale (EFT/POS)

the beginnings of the cashless society.

The clearing hanks have now The clearing hanks have now agreed to give the scheme their blessing; what remains to be decided is what form the ayarem will take. There is no argument about the communication medium: It will be British Telecom's packet switched network, a way of moving computer data at very high speed and with high reliability by splitting it into small packets each individually addressed and transmitted.

and transmitted.
What remains to be settled what remains to be sected, is who will pay for what, who will provide the retailer terminals and the equipment which allows access to the BT net-



